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## WEST EUROPE REPORT

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## EQUIPMENT, ORGANIZATION OF NBC DEFENSE IN BUNDESWEHR

Bonn WEHRTECHNIK in German Aug 83 pp 30-35

[Article by Egon-Karl Rueckert]

[Text] As early as in WEHRTECHNIK July 83, NATO correspondent Hermann Bohle pointed to a danger from the direction of the Warsaw Pact that seems to have been forgotten in the escalating arguments about armament with mid-range missiles: the offensive use of NBC weapons. Since the Federal Republic of Germany, in the treaty agreement for entry into the West European Union (WEU), solemnly rejected the production of nuclear, bacteriological, and chemical weapons, it remains only for the Bundeswehr to protect itself as far as possible against a possible first strike from the East with such weapons. How this protection will be assured in the armed forces and how it should be assured is described in the following by Lt Col Egon-Karl Rueckert of the Armed Forces Office. In essential points he also gives his own opinions.

If one turns to the establishment of a defense against NBC weapons, one can definitely state that the Warsaw Pact

- is preparing its armed forces for the conduct of a war with NBC weapons
- is holding in readiness a certain, although nonverifiable, potential of nuclear, chemical, and probably also biological weapons and equipment
- is striving for a strong capability in NBC defense.

Therefore this potential threat must be met militarily with a system of considered measures.

This system of such measures includes

- individual protection (self-aid and aiding one's comrade)
- collective protection

- NBC defense of all troops
- medical NBC protection
- NBC Reporting and Warning Service
- NBC defense forces

Individual protection aims at making possible the survival of the soldier through the issuance and use of equipment (NBC protective mask, protective suit).

Collective protection aims at protecting several soldiers in the same way from certain effects by the use of technical measures required for the continued execution of the combat mission (battle tanks, command posts).

NBC defense of all troops is present at all levels through appropriate personnel and material.

Medical NBC protection is to contribute, by means of prophylactic and therapeutic measures, to the maintenance of health or to its restoration.

The NBC Reporting and Warning Service assures the timely warning of the consequences (radioactive fallout) to troops affected.

Finally, the NBC defense forces

- perform large-scale NBC defense reconnaissance
- aid in decontamination at crucial points of NBC defense
- conduct NBC analysis in the NBC Reporting and Warning Service to establish a basis for the evaluation of the situation.

In the following, the organization, training, and material equipment of the armed services, which are quite different from one another, will be described in detail.

#### NBC Defense in the Army

NBC defense in the Army rests on two pillars, namely the

- NBC defense of all troops and the
- NBC defense forces.

Organizationally, NBC defense of all troops consists essentially of

- troop decontamination
- NBC reconnaissance by NBC defense forces

individual protection through proper equipment, for example, NBC protective mask, protective suit, self-aid kit.

The amount of personnel and material allotted to the NBC defense forces is limited.

The essential functions of the NBC defense forces are

- reconnaissance
- decontamination
- NBC Reporting and Warning Service

Their use is necessary in the main damage areas. Their size -- particularly on the basis of the War-Host-Nation-Requirements -- seems too small. Since imaginable war scenarios also include an exchange of conventional strikes, the NBC defense forces will have new tasks to perform here, particularly in security and supervision.

NBC defense forces in the units and forces are trained in these organizations themselves. For this, trained NBC forces leaders are used for central troop instruction courses, while in the special troop instruction courses, trained NCO's are used, for example, company or battalion staff sergeants, sergeants, or corporals, who are at the same time NBC defense and self-protection NCO's or decontamination, disinfection, and detoxification NCO's. All the others who are to be trained in NBC defense as a secondary or additional function are trained at the NBC and Self-Protection School.

The NBC defense forces themselves carry out in their battalions the basic and unit NBC training of the NBC defense soldier. Their NCO's receive their training in career and assignment oriented courses, just as the NBC defense officers do at the NBC and Self-Protection School. The NBC defense forces take over in the command structure: brigade -- division -- corps -- military district command -- military service -- special officer or staff officer posts and are active there as advisers to their commanders on NBC defense questions, and in general they guarantee the functioning of the NBC Reporting and Warning Service. In the top echelons, NBC defense staff officers are active in the command staff of the Armed Forces Office in working out concepts that are to be carried out and realized by the Army staff (Army Office), Air Force staff (Air Force Office), and Navy staff (Navy Office). The Army has to equip the pilot service and provide for the training of other service arms. In the Air Force Office and in the Navy Office, no NBC defense forces are active, because the service-specific demands can better be met by officers of the service in question.

#### NBC Defense in the Air Force

The Air Force has no special units or organizations for NBC defense and self-aid. With a few exceptions, all soldiers assigned to this area fulfill their

tasks as a secondary function. Even such important activities as those of an NBC and self-protection officer or NCO at force level must be handled as an extra duty. The problems connected with this are particularly serious in the Air Force, where forces are deployed over far-flung areas. Under instructions from the Air Force Staff, the Air Force Office develops, as the special NBC and self-protection command, the essential foundations of NBC defense and self-protection. In the commands, these interests are represented by an NBC and self-protection officer and NCO. In the forces themselves, there is an NBC and self-protection officer, an NCO, and a maintenance mechanic available, while in the units there is an NBC and self-protection NCO and there are appropriate troops (troop leader and five soldiers). The number varies according to the size of the unit.

In the NBC Reporting and Warning Service, whose main pillars are geophysically and troop-directed reporting centers and NBC control points in commands and forces, NBC analysis officers or NCO's are trained.

In practice there is usually recourse to mobilization augmentation personnel and to reserves.

NBC and self-protection training of military self-protection personnel and leaders takes place in the field forces, at the NBC and Self-Protection School in Sonthofen, at the School for Defense Geophysics in Fuerstentfeldbruck, and at NATO training installations. It usually includes on-the-job training as well as assignment-oriented and introductory courses.

The responsibility of the Army command staff for

- equipping the Bundeswehr with NBC and self-protection material
- NBC self-protection training and
- development of most of the central service regulations

has the result that many of the principles of NBC defense take the interests of the Army into consideration, which are determined by mobile, far-ranging combat. It is therefore the task of the Air Force NBC defense to develop service-specific procedures for combat in fixed installations and in deployment areas of mobile combat units. This requires modified or special NBC equipment and protection kits for

- individual protection, for example, protective suits in which mission-essential functions can be carried out, for example, special pilot clothing with NBC protection.
- collective protection, for example, gas-proof protected structures with protective ventilation and decontamination equipment, tents with protected ventilation, or vehicle superstructures for mobile combat forces.



- NBC reconnaissance, for example, refined detection and measuring instruments; automatic chemical warning equipment
- NBC Reporting and Warning Service of the Air Force, for example, desktop computers and pocket calculators.

However, the supply of necessary equipment will, because of the well-known budgetary situation, only be realized over a mid or long range period.

The objective of Air Force-specific NBC defense measures in fixed installations has been based in recent years increasingly on the threat from NBC weapons so that organizational streamlining of NBC and self-protection preparations and particularly improvement of NBC and self-protection training can be achieved. In addition, individual protection and the supply of NBC equipment in the combat forces will be effectively improved in the coming years because of current or already completed developmental plans. Beyond this, the regular inspection of NBC and self-protection in the air forces that has been carried out regularly for about two years according to unified guidelines (up to now, the air forces have not been subject to any tactical inspection by NATO) will contribute to an increase in NBC defense capability in the Air Force.

#### NBC Defense and Self-Protection in the Navy

Naval NBC defense is basically taken care of as a secondary duty and is organized in two areas:

- NBC defense on board
- NBC defense and self-protection at naval land units.

In units afloat, NBC defense is an integral part of ship safety and stands on an equal footing with damage and fire control. It is the task of marine engineering.

In land units (in support commands, naval airbases, etc.) the organization is accomplished according to the appropriate central regulations and according to the "Special Instructions for NBC and Self-Protection of the Navy." According to this, every unit must, according to its strength, establish, train, and equip NBC and self-protection forces. To a great extent the organization follows that of the Air Force NBC defense.

Training is accomplished in accordance with marine engineering procedures at the naval technical schools and in ship safety training detachment. Beyond this, the floating units are regularly ordered for about a week to "fleet training" with the ship safety and training detachment, and the whole crew is trained in, among other things, NBC defense.

Training of NBC and self-protection personnel in the land units is accomplished centrally at the NBC and Self-Protection School. An exception is the training

of an NBC and self-protection inspector. This is carried out in the unit and serves as a prerequisite for the the training courses for NBC and self-protection force leaders and for NBC and self-protection petty officers.

The supplying of the whole Navy with NBC defense and self-protection equipment is accomplished according to the principles set down by the service responsible for material (Army) for this material group.

Also, the whole civil administration prepares NBC defense measures as far as they seem necessary for the fulfillment of their defense tasks. It relies heavily on the training installations of the military services.

#### Essential Equipment

Of the equipment available, there should be mentioned

- NBC protective equipment for personnel, NBC protective ventilation in the new generation armored weapons systems, special protective structures for combat, combat command posts, and combat supply installations, 5-ton and 7-ton vehicles, antidote for nerve gases
- equipment included in the introduction: NBC protective clothing, radiation dosimeters for personnel, chemical early warning devices for nerve gases, therapeutics against the essential chemical weapons, desktop computers for the NBC Reporting and Warning Service, NBC detection tank, FUCHS.
- equipment under planning: flash protection glasses, special pilot clothing, mobile collective protection structures, detection instruments for biological weapons, supplies of decontamination equipment, medicines for NBC casualties, computer-supported means of evaluation and reporting, clothing decontamination equipment.

#### View to the Future

A future view admits the following assessments:

- Developments in weapons technology permit fewer and fewer stationary installations when other solutions are possible. The principles for the use and organization of NBC defense forces must be adapted to this development. This could be achieved, among other ways, by the reinforcement of the NBC defense of all troops. The high standard of NBC protection of the soldier of the Bundeswehr is contrasted by a completely insufficient protection of the civilian population. This means that the political leaders of our country will be vulnerable to pressure on the question of how far a war involving nuclear weapons can be conducted at all under such conditions. A separation of those involved from those not involved seems no longer to be possible in a future conflict. Improvements in the protection of the civilian population are therefore in the military interest.
- The top structures of the service branches are not unified. They do not correspond to the command structure. Each service can pursue development,

research, and innovation by itself. There is no point of coordination capable of directing all the efforts in the NBC domain along appropriate paths. NBC defense is a task that goes beyond the services. Different ideas and interests make the execution of the given plan difficult. Because of this, the limited financial means are not used optimally. An adaptation of the areas of responsibility to the organizational structure could help improve this.

- The significance of weapons of mass destruction for the course of a war is not recognized because their use has been put in question. Certainly no one can say whether these weapons will be used. But long ago Gneisenau said: "The soldier should prepare himself for the most unfavorable thing that could happen to him."

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## NAVAL CHIEF ON ROLE IN FUTURE SCENARIOS

Stuttgart MARINE-RUNDSCHAU in German Aug 83 pp 346-356

[Article by J. H. B. Hulshof, vice-admiral, commander-in-chief of the Royal Netherlands Navy: "The Navy of the Netherlands and Its Future Tasks"]

[Text] In this column, prominent personalities from the world of politics, the armed forces, the economy, engineering and science regularly express their views on current questions in their sphere. The following contribution was written by the commander-in-chief of the Royal Netherlands Navy.

## Introduction

It is the task of the Netherlands Navy, after the respective decision of the government, to support the policy of the Netherlands through the disposition of maritime combat force and to deploy naval forces on the appropriate scale in accordance with the circumstances of time and place. The navy is merely one instrument of the government among others, by means of which the latter attempts to exert influence on the course of events according to its desire and on a level appropriate to its position in world politics.

The decision of the Netherlands to become an alliance partner of NATO is based on the conviction that this is the most effective way to pursue the goals of the government's policy, and consequently the Netherlands stand loyally to NATO.

First of all, however, I should assure the reader that I am expressing only my personal opinion, which cannot nor may be regarded as the reflection of the official policy of my country or the conception of the government.

That is already not possible because I treat the subject merely hypothetically. I would like to sketch a few scenarios as they could develop perhaps beginning in 1990. At the same time, I am proceeding from the assumption that the program of new construction of the Royal Netherlands Navy is completed and the basic structure of the navy remains unchanged in 1990.

## Scenarios

In our case the future thus begins in the year 1990. I will sketch four scenarios:

- 1) The first proceeds from the hypothesis that both the USSR and the United States--in close cooperation and with the agreement of their respective allies--will continue to develop nuclear weapons and deploy them, mainly in the form of the replacement of old systems by new ones. Both know that their use would lead to complete mutual destruction--nevertheless each side is dominated by the uncertainty of whether the potential enemy does not take the (first) step that could lead to escalation. I call this scenario the Doublesided Nuclear Stalemate (DSNS).
- 2) The second scenario is characterized by the fact that both sides arrive at the decision to reduce a part of their nuclear potential, i. e., to realize what is presently understood as the zero option, but which would represent a real zero solution only in some areas. I am proceeding from the assumption that the independent INF [Intermediate Nuclear Forces] of France and Great Britain are included in the reduction agreement mentioned, in the course of which I am disregarding the probability or desirability of this decision. The agreement leaves to the antagonists their battlefield and strategic weapons systems. I, therefore, describe this scenario as that of the Missing Link Scenario (MLSC).
- 3) There is, of course, the possibility (and I again neglect to take a position in regard to the probability or desirability) that the political situation will change to such an extent that gradually all nations will ban all nuclear weapons from their arsenal and will be satisfied with the equipment of conventional weapons. This I call the conventional scenario (COSC).
- 4) Another possibility is thinkable: In a slow process the nations promote the education of their citizens further and further; they develop their scientific potential, build industries and create thus the capacity for the development of weapons, including nuclear weapons. In the remote future perhaps more nations than now will produce nuclear weapons and thus will end up in a situation which--to a large extent--is similar to the situation of the two superpowers, as described in scenario 1. This scenario I term World Wide Nuclear Stalemate (WWNS).

Another well-known scenario I do not have to add: A geographically precisely defined nuclear-free zone decided by several parties. After the discussion of the influence of the above-mentioned scenarios on the future tasks of the Netherlands Navy it seems superfluous to me to debate this last scenario in greater detail; according to my conceptions, it lies in its possible effects between the zero solution and the conventional scenario.

## Preliminary Remarks

- 1) The four scenarios described here are not the only possible ones. I selected them in this manner because, more than any other thinkable scenario,



they appear to be important for the future tasks of the Netherlands Navy.

- 2) During the past 20,000 years or more men have not understood very well to live in peace with each other. In the past wars at times only then did not take place if there were no conflicting interests or if the potential enemies feared their mutual means of power and the will to use them. There is hardly a chance that this will change in the next 50 or 100 years, let alone during the course of the next decade. I believe I am not a pessimist, but for the sake of honesty I must say that we cannot afford to think unrealistically.

Future Tasks of the Netherlands Navy Within the Framework of the Scenario DSNS  
--Doublesided Nuclear Stalemate

In consciousness of the fact that a European war leads to mutual destruction, the following options are available to the two superpowers:

--Peaceful negotiation,

--In the case of the conduct of a war in Europe: Use of conventional weapons only,

--The use of military force on the flanks or in areas outside of Europe.

The use of peaceful means in this case requires that no side feels threatened by these means or by the presence of conventional weapons to such an extent that it starts a war. In other words, even peaceful means must be selected so carefully and used so sensibly that no situation can arise which is perceived as a direct threat by the other side. I do not want to waste many words about this, but go so far as to say that, for example, the Helsinki Agreement is regarded by us in the West as an absolutely peaceful instrument, while the Soviet Union (as a communist state) and the Russians (as a nation) regard it as a threat to their internal peace as a state--which is understandable against the historical background of the Eastern empire. (Under the tsarist regime, some tsars were too progressive in the sense of enlightenment in order for the mass of the people to be able to understand them; the latter could not follow the development fast enough. By contrast, it appears as if under communism the evolution has been delayed intentionally.)

A further consequence of the DSNS scenario is the fact that the conventional armed forces of the West must be weak enough to keep the Soviets in uncertainty over the question of whether and when the West must resort to the use of nuclear weapons. On the other hand, they must be strong enough to make any attempt at blackmail seem hopeless. The main point, in other words, is a very delicate balance of the armed forces. If new, improved means of combat become available for the conduct of conventional war, the numerical strength of the units must be decreased.

If it turns out to be possible to maintain peace in Europe (and it is more than probable that the maintenance of the status quo is a common and very strong interest of East and West), we must, however, not close our eyes to the fact that it is the goal of communism to establish a foothold in the rest of

the world and that this does not only run counter to the interests of the West but also to those of many other countries.

In areas remote from Europe an escalation to nuclear war is not very probable; it seems possible, however, that the Soviet Union, after precise calculation of time, place and necessary armed forces, intervenes militarily if it is not deterred through sufficient and combat-effective counterforces.

The build-up of the Soviet navy makes it clear that beginning with the 1990's the Soviet Union will be in a position to become active along this line; the Netherlands Navy will then perhaps provide a part of the deterrent forces: Amphibian capabilities will then be needed which are secured and supported by surface escort units.

If the West does not provide for an effective deterrence, the danger exists, of course, that a conflict spreads to the NATO area. In so doing, sea areas primarily will be involved, since in the case of overseas conflicts the lines of communication at sea are naturally the first to be exposed to danger.

The future tasks of the Netherlands within the framework of the DSNS-scenario must be fulfilled within and outside NATO areas. They can be carried out under the aegis of the United Nations or ad hoc in direct cooperation with other countries. The question of escalation remains under control, and, depending on the decision of the countries involved, NATO can be brought in or not.

After examining the above-mentioned first and last options, we find that the one mentioned last is for Europe a logical consequence of Option 1. The second option--use of solely conventional weapons--could on both sides lead to a declaration of the non-first use of nuclear weapons.

What is the value of all this? If both sides are serious and trust each other, all nuclear weapons could be abolished. But then we are dealing with another scenario which is discussed further below. If both sides are serious but distrust each other, any declaration of renunciation is as useless as any other manifestation of good will for which no proof has to be adduced. But this brings us back to Option 1. The second option can also lead to a situation where no declarations of intention are given; in the case of the outbreak of hostilities, however, both sides could simply abandon the use of nuclear weapons. In this case, the security of the overseas lines of communication constitutes an integral part of the deterrence, and here we are touching on an interesting aspect of the international scene of today: Risks are then transferred to others and risks are mutually exchanged. In Option No 1 this means: To make nuclear deterrence credible for the potential aggressor through a conventional potential which is too weak. For this we exchange the risk--as in the form of Option 2 discussed last--of depending entirely on the security of the overseas links.

Evidently the future tasks of the Netherlands Navy will have to remain on the same scale as at present: Whether it be for the case of the conduct of conventional war or the more probable case of the deterrence of an aggression on the flank or even outside the NATO area.

### Future Tasks in the MLSC (Missing-Link-Scenario)

In the MLSC both sides may from time to time feel tempted to use their battlefield weapons; they will desist from the use of strategic weapons. And this is not necessary after the use of the battlefield weapons, their use alone would mean the end of the war.

I cannot prove this. I can merely ask the reader to think of his own reactions if he were a witness to such an operation and its consequences. It would most likely be inconceivably difficult to convince the different governments and nations to continue the war, for up to now only the use of "a small battlefield weapon" was involved, which meanwhile would have caused catastrophic devastation in Europe and the Soviet Union.

In the case of a zero solution with respect to the INF [Intermediate Nuclear Force], in other words, the situation in Central Europe would largely depend on the balance of the conventional forces of both sides, should the early use of [nuclear] battlefield weapons be avoided in case of a conflict.

Five problems immediately become apparent:

- Long before a potential conflict additional tonnage must be made available;
- the security of the SLOC's [Sea lines of communication] is of towering significance;
- the ability to keep the SLOC's open is in itself a substantial part of deterrence;
- already during peacetime greater efforts should be made to arrive at a balance of power in Europe;
- an essential conflict exists between MBRF [Mutual Balance Force Reduction] and the zero solution.

The only remaining hope is that even in the case of the availability of "only" [nuclear] battlefield weapons the Soviets will shrink from an armed conflict in Central Europe, namely out of fear of heavy losses of their own troops and of the difficulties in the occupation and march through a territory destroyed and contaminated by nuclear weapons.

Should the Soviets proceed from the assumption that our conventional weapons are too weak to brake a Soviet attack and that the West would hesitate to use [nuclear] battlefield weapons (which is conceivable after years of appropriate propaganda), we would be in the greatest danger.

In this scenario, the tasks to be carried out by the Netherlands Navy would have to be started long before the outbreak of conflict. They would consist in surveillance runs and flights through surface ships and long-range reconnaissance aircraft. On the basis of the reconnaissance results, the units of the navy would then occupy the most favorable positions for the protection of

the SLOC's, in close cooperation with our allies.

It must be stressed emphatically that in this scenario the ability of the West to bring up reinforcements in time and to keep the sea lines of communication open is an important part of the Western deterrence potential from the perspective of the Warsaw Pact. The present strength of NATO naval forces in the Atlantic is not sufficient from this point of view.

#### Future Tasks of the Netherlands Navy in the Case of the Conventional Scenario (COSC)

At this point it seems appropriate to recall the definition of strategy by General Beaufre, his conception of the object and goal of a strategy. In order to exclude any possibility of imprecise translation, I am citing the original French version of his definition. Strategy for him is "L'art de la dialectique des volontes employant la force pour résoudre leur conflit." (Approximately: The art of the conflict of opposing willpower through the use of force to bring about a solution to the conflict). Beaufre also paraphrased what he meant by the "dialectic conflict of will power": "To bring about a decision by creating and exploiting a situation which results in such an extensive disintegration of the fighting morale of the enemy that he accepts the conditions imposed on them." This conception of strategy underscores the fact that every step taken or omitted in pursuit of a certain goal is essentially a mental process, which depends on many more aspects than on the sole aspect of being able to conduct war successfully.

Or in the words of Beaufre: "In the conflict of willpower the decision is effected on the basis of a psychologically motivated resolve which one wants to produce in the enemy: To convince him that it is useless to begin or to continue the fight."

In considering the situation which proceeds from the assumption that nuclear weapons are no longer available, the following questions now present themselves to us:

The mine-detection and minehunting capacity of the Netherlands Navy will increase considerably with the delivery of the new GFK-minehunters of the "Tripartite"-Class now underway.

- a) Will it convince the Soviets that it would be imprudent to start a war in Europe?
- b) Will it convince the West that the use of military power for the attainment of Western goals is not advisable?

The answer to this, in my view, must be:

- a) As long as the Soviets are successful in the other areas of the world, i. e., as long as an expansion of Soviet military power--even with the use of Soviet military power outside the NATO area--can take place without intervention by the West, the USSR will not begin a war in Europe.



- b) The West will not start a war in Europe unless really vital interests are at stake, questions of life and death. In other words: The West will become militarily active neither within nor outside the NATO area as long as its existence is not directly threatened.

I would like to make it clear, in other words, that, using correct strategic thinking (in accordance with the definition of General Beaufre) and in view of the current world situation, in the case of the scenario assumed here, one can come to the conclusion that a battle between communism and the West lasting for an extended period of time could escalate into a war whose probable extended duration in the end induces one or both of the adversaries or a third power to resort to nuclear arms.

If I now proceed from the assumption that we have the moral courage to assume all the consequences arising from this scenario, then I see the future task of the Netherlands Navy as a contribution to deterrence, to protect the vital interests of the West. This will entail participation in the protection of all sea lines of communication, probably even outside the NATO area, as well as require constant presence at sea, but also the ability to take part in amphibian operations and continuous surveillance of the sea.

The same activity, even if on a smaller scale, the Netherlands Navy would have to carry out in the scenarios discussed earlier. As far as these are concerned, for them, too, General Beaufre's book "Introduction a la Strategie" [Introduction to Strategy] is an excellent aid. However, I believe that his theories would apply most nearly to the scenario discussed last.

#### The Future Tasks of the Netherlands Navy Under the Assumption of a World Wide Nuclear Stalemate (WWNS)

This scenario differs so greatly from all the others and deviates so far from the result which is aspired to by the policy of the non-proliferation of nuclear weapons that its realization is inconceivable for a long time to come. On the other hand, it is quite conceivable that somewhere in the world states, without the support of the currently existing nuclear powers, will develop nuclear weapons. It is absolutely unrealistic to believe that the knowledge of nuclear weapons production will remain the monopoly of a few states ad infinitum.

I assert that countries whose knowledge is sufficient to produce such weapons in other respects, too, have reached a stage of development which enables their governments to come up with the insight that these weapons can only serve the purpose of creating relations and circumstances that effectively exclude a war. In the end there are likely to be only locally limited wars, which would have to be settled by a third party, e. g., the United Nations.

If one proceeds from the possibility of such a scenario, one must be clearly aware that its realization will still take a very, very long time. Nevertheless, the first signs of this evolutionary process could possibly soon be visible.



The tasks of the Netherlands Navy in this case do not seem clear. Of course, it could take part in United Nations actions, in which case the share could be different from case to case and would also depend on the respective policy of the Netherlands government.

The future development of the navy (and the other military services) can lose something in the way of clear contours. I am fully aware that I am speaking about a still very remote future--but for logical reasons I had to think the consequences of this scenario through to the end.

#### Summary

The above discussion leads to the following conclusions in regard to the individual scenarios:

DSNS: A scenario of uncertainty and--up to a certain degree--of instability, and for precisely these reasons also the least expensive scenario, which moreover, paradoxically, entails the smallest risk because of the mutual risk assignment. The future tasks of the Netherlands Navy remain unchanged.

MLSC: The scenario of apparently limited, but in reality extended destruction in Western Europe in the case of a conflict. Many factors determine the deterrence policy of the West. If they cannot be appropriately coordinated, the deterrence can lose its credibility. A cost-intensive scenario in peace and war.

COSC: The scenario which could also be described as the hold-out scenario, for one thing because of the long period of tension and war, for the other because of the time that would be necessary to end the conflict, which, however, could under certain circumstances lead to the use of nuclear weapons.

All nations involved in the conflict would be subjected to the greatest burdens for a long period of time.

WWNS: A scenario which, while not impossible, lies in the remote future. The nations should get ready for it in time in order to adapt their international political efforts accordingly.

In all of this, the fact must be correctly assessed that the Netherlands are disproportionately heavily dependent on their overseas relations, in peace, in times of tension, and in war. My explanations began with the statement that the armed forces will operate in the interest of the country. Proceeding from the fact that in all scenarios discussed (with one exception) naval power plays an important role, I am making the assumption that in the future we will have to see the above-mentioned facts in their context and accept the consequences which are to be derived from them.

That means we must have at our disposal:

- Escort and supporting forces,
- amphibian forces,
- long-range reconnaissance and anti-submarine aircraft, as well as
- armed forces for the conduct of mine warfare.

In the foreseeable future, therefore, the situation of the navy remains unchanged. There will be changes in the design of the future ships and aircraft in the course of technical progress--but that is not the essential aspect here: The tasks of the navy will remain the same for a very long time to come.

#### Ships and Aircraft of the New Construction Program

The reader will, of course, ask himself the question of the extent to which the Netherlands Navy is equal to the tasks sketched in the different scenarios.

Within the framework of a new program of construction, there are the following units, in part built and placed in service, in part under construction or shortly before the beginning of construction:

##### a) Escort and supporting units:

- Guided weapons command and air defense ships,
- standard frigates,
- multi-purpose frigates,
- helicopters,
- resupply ships,
- possibly a unit for the deployment of amphibious forces

##### b) Submarines

##### c) Minehunters

##### d) Naval long-range reconnaissance aircraft.

In regard to the escort and supporting forces, I can say the following: Our experience with the units built during the 25 post-war years has been good. But the current missile ships and standard frigates are superior. They prove themselves in any kind of weather and heavy seas as the best ships, and probably they will even be surpassed by the multi-purpose frigates being built in accordance with the most modern technology. The ships can be used in any part of the world under all conceivable conditions. The construction of the standard frigate (Kortenaer-Class) was strictly supervised, with the following result:

- The standardization directions were carried out without exception;
- the costs were ascertained in competition with the shipbuilding industry;
- the ships were completed in extraordinarily short time. The entire construction time from the laying-down to the first sea-trial amounted to 3½ years, exactly according to plan.

The multi-purpose frigates exhibit some modifications (which is also the case with some of the standard frigates). They meet all the military requirements which a frigate of the 1990's can be expected to meet.

In the years 1985 and 1986 2 new submarines will be placed into service to replace the oldest units. The new ships are being built in accordance with the latest technical knowledge for conventional submarines.

In the case of Diesel-electric submarines, generally speaking, the most crucial issue is the greatest possible noise attenuation. The 2 new ships and their successor units will surpass the prevailing positive results in this respect.

With respect to the conduct of mine warfare, the Netherlands Navy is preparing itself for the fact that mine warfare in the future will probably take place in greater water depths than up to now. For this reason the shallow water mine sweepers were transferred to the reserve; in their place the larger mine sweepers of the Alkmaar-Class with their better endurance are being built in small numbers. The first unit is undergoing sea-trials and is proving itself very well.

The newest replacement for the naval air force is the "Orion" P3C--an outstanding antisubmarine and sea surveillance aircraft. The plane is reliable, has rather great endurance, and the equipment is efficient. In order to utilize the capacity of the aircraft fully, it is recommended to plan two crews for every aircraft.

It is hardly a secret that I am very impressed with the quality of the Netherlands Navy. What causes me concern is the quantity. Of course, the navy budget--on which the scale of the naval forces depends--cannot be viewed in isolation from the general economic situation, the social product of our country, and the other defense obligations. But in view of the danger which threatens us, the region where it could develop, and its possible dimension, I hope that all NATO states will keep a careful eye on the number of the necessary ships, aircraft and amphibian forces.

#### Final Observation

If one discusses the subject of future tasks, it is of course difficult to make do without reference to secret data, assumptions, planning, and secret intelligence information. For this reason I have limited myself to hypotheses without committing myself to the probable development of one or the other of these hypotheses.

But I would like to mention one particular aspect. I have no doubt that the maintenance of the status quo is in the interest of the East as well as the West. It offers the best prospect for the preservation of peace or at least the absence of hostilities (which is not the same thing).

Should the West be in the position to choose a certain scenario, it should be the one which calls for the continued existence of the status quo in Europe,

while there is freedom of movement for the rest of the world.

I intentionally left out the last aspect in the discussion of the scenarios.  
I leave it to the reader to reflect on it and apologize once again that I have perhaps dealt too superficially with such a difficult subject.

8970

CSO: 3620/459

## TRADE, CREDIT POLICY TOWARD POLAND VIEWED

Vienna PROFIL in German 22 Aug 83 p 28-29

[Article by Otmar Lahodynsky: "Austria's Trade With Poland--Wine for Coal-- Austria's Exports to Poland Are Increasing again. Barter is Flourishing, because Austrian Banks Very Rarely Grant Loans Nowadays."]

[Text] Last week the gentlemen in pin-stripe or dark-blue suits greeted one another in the meeting room of the Credit Bureau almost as if they were old friends. They know each other from former refinancing negotiations, and the topic of discussion remains the same--only the numbers change. This time an amount of 1.5 billion dollars was involved, which 500 banks of the Western world are entitled to collect this year in repayment of the loans extended to Poland, plus 1.1 billion dollars in interest.

The six elected experts, however, including one Austrian, Credit Bureau Export Financing Chief Dr Klapper, members of the creditors' working group, know--as do the representatives of the Polish "Bank Handlowy" and the Polish ministry of finance--that Poland can repay only a fraction of the claims. The result of three days of negotiating: 95 percent of the repayments due this year were refinanced over the next ten years, and additional loans will be provided to cover the interest payments. This seems to be a vicious circle at first glance. The bankers hope that Poland's future economy, in spite of a continuation of the U.S. trade sanctions, can be stabilized to such a degree that old debts can be settled or subjected to long-term depreciation in the balance sheet. Even 21 Austrian banks, from small savings banks to the Bank fuer Arbeit und Wirtschaft, are worried that the sum of approximately 32 billion schillings which Poland owes them will be lost. Of this amount, 24 billion represent loans guaranteed by the government, which will not be negotiated until this fall.

The Austrian Control Bank, which is liable for this sum, is hoping that the U.S. who have so far blocked the negotiations on loans guaranteed by the government, will reconsider the issue. "In the meantime the Americans must have noticed that their rigid attitude of not wishing to negotiate has backfired," said Dr Paul Castellez, chairman of the board of Control Bank. "As a creditor you hurt yourself. And the Poles have come to understand that you can live quite well without negotiating."



If no agreement will be reached among Western creditor nations during the upcoming fall negotiations, "the neutral states would have to retreat and take up negotiations of their own," said Castellez.

In spite of the unresolved issue of the repayment of loans guaranteed by the government, Austrian exports to Poland have increased considerably this year: Following a drastic decrease of 42 percent in 1981, exports in the first six months of this year increased by 30 percent in comparison to last year; then exports were down to 2.3 billion, compared with 1976, when exports to Poland financed with Austrian loans reached a record 6.7 billion schillings. "We can see some light at the end of the tunnel," states Austria's trade officer in Poland, Josef Altenburger, who has a degree in business administration. "We only hope that this light will not be extinguished by a draft."

This year exports are expected to reach 3 billion for the first time, almost offsetting the imports from Poland of mainly coal and electricity (3.2 billion schillings in 1982).

Altenburger thinks that the unexpected boom is due to a "backlog in demand." Polish businesses again have money available for spare parts and raw materials. Due to the investment freeze there has been a shift in imports of machinery, chemicals, special steels, textiles and food. VOEST, a company with offices in Warsaw, even managed to get an order worth 130 million schillings: the Austrian steel company will build a seaport terminal in Stettin. The Poles want to pay for this plant by barter: the Linz steel plant will receive up to 700,000 tons of iron ore annually from Sweden in installments, which will be supplied to Linz by way of Poland.

Last June Vice Director General of Steyr and Engineer Johan Feichtinger commenced negotiations with two Polish truck plants at the Posen fair regarding the supply of truck axles. The old agreement between Steyr-Daimler-Puch and POLMOT, which even provided for a joint engine manufacturing plant, is no longer in effect. In the late seventies the Poles were unable to comply with the agreed supplies of truck parts.

"We received a major portion of our money," states Steyr spokesman Erich Dorn, engineer, who has little sympathy with Solidarity: "The Polish people have to understand that one cannot live on strikes alone." In 1981, Steyr delivered just 50 trucks to Poland instead of 700 according to plan. Now the two Polish truck manufacturers Star and Jelcz could become involved in the construction of a uniform truck for the Comecon market.

Mischek, a Vienna construction company, wants to establish itself on the Polish market. Three years ago they were awarded an international contract for three motels in Poland. "Z" [Central Savings and Commercial Bank], Mischek's bank, made a loan available for this 180-million contract--one of the last secured by the Control Bank. The Krakau motel was completed before martial law was instituted. The other two motels in Czeszyn and Czestochowa (Tschenschowau) were opened in 1982. "We have gained a name for ourselves

in Poland," says a pleased Ernst Lischka, Mischek chairman of the board. "We did not make any money, but we want to get our admission fee back through additional projects."

Dr Schwap, chief of the foreign loan department at "Z" also supports trade with Poland: "You cannot simply ignore such a major trade partner like Poland. At the present time, however, trade is only feasible on a short-term and letter-of-credit basis." Schwap views the abrupt discontinuation of loans to Poland on the part of Western banks as a chain reaction: "The Poland shock resulted in a sudden freeze even of short-term loans by Western banks. Thus, the creditors themselves caused the absence of short-term liquidity in Poland."

Jozef Stankiewicz, Polish commercial attache in Austria, could not agree more. "Large orders given to Austria can no longer be paid in cash. They wanted to put a hole into the credit syteem." If he had his way, Austria would again grant loans for concrete projects to be secured by barter deals. Stankiewicz is thinking of a cooperation between Polish and Austrian companies on third markets, e.g., industrial plant construction. "A portion of the proceeds gained by the Polish companies could then be used to make purchases in Austria." The director of the Control Bank, Casteliez, rejects this idea: "As long as the repayment of old loans has not been clarified, we cannot talk about new ones."

In the fall 30 managers of Austrian medium-size companies are scheduled to go to Poland in order to negotiate possible barter deals. Stankiewicz also sees marketing potential for Austria's agriculture. At present negotiations are taking place on the supply of Austrian wine for coal from Poland, and last year some million schillings worth of textiles from Burgenland were sold in return for coal from Poland.

But it is not only the barter which is flourishing. There is still sufficient foreign exchange in Poland for electronic devices. Wang, the U.S. computer company, supplied new data processing equipment to the Gdansk Lenin shipyard through its Vienna office--the same shipyard that issues Lech Walesa's paycheck.

Austrian construction companies were invited two months ago to complete a high rise across from the Warsaw main station. Since a British company discontinued the construction due to financial disputes a few years ago, the ink tower has protruded into the sky as a memorial to the Gierek era. The tower designed as an office tower is scheduled to be converted into a hotel. For years the airconditioning system supplied by Klimatechnik, Tautner's bankrupt company, has been rusting away in the basement. The Poles will have to buy a new one because in the meantime the equipment has become useless due to improper storage.

9544

CSO: 3620/488

## PROMISING NEW OIL DISCOVERY IN GORM FIELD MADE

Copenhagen BERLINGSKE TIDENDE in Danish 3 Sep 83 p 2

[Article by Peter Kjelstrup]

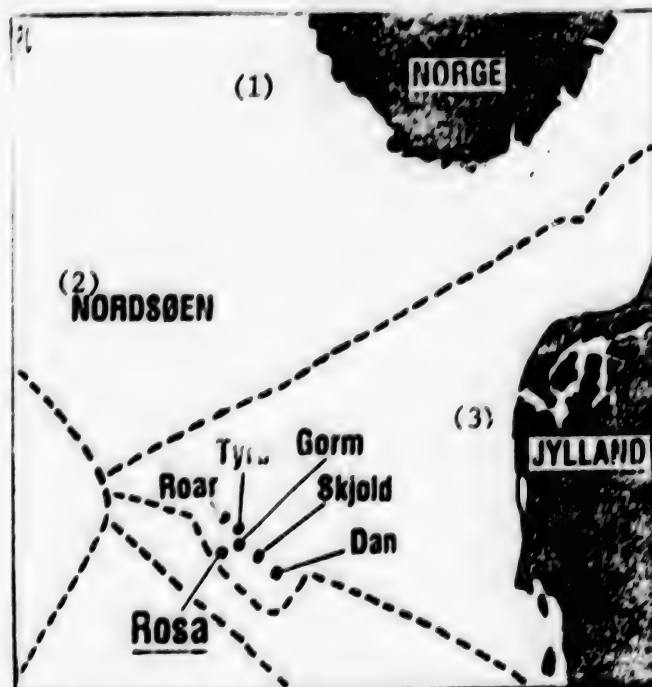
Everything indicates that Dansk Undergrunds Consortium has made a new oil find in the North Sea of significant size. It is at the Rosa field, where attempts are being made to show that the field can produce oil in larger amounts than, for example, Denmark's first field, the Dan field.

Dansk Undergrunds Consortium, which consists of Shell, Texaco, Chevron, and A.P. Moller, has just completed the third drilling in the Rosa complex, namely Mid-Rosa 2, which shows that the field can produce 10,000 tons of oil in 24 hours from a single well. This corresponds to about a half million tons of oil a year, or almost twice what the Dan field produces. One prerequisite for continuing production is naturally that the pressure in the field holds and that the amount of oil in the field is of a size that makes production worthwhile. The close position in relation to the Gorm field can also mean that the large platforms here can be used to process the oil, and it will therefore be cheaper to use the field. Also, the oil pipeline that is to transfer the oil from the Dan-Skjold and the Gorm fields goes from the Gorm field to the Shell refinery in Fredericia.

During the first drilling at Mid-Rosa a few years ago, an oil field of significant size was estimated because the special depth of the field was great.

Even if A.P. Moller's information office will not say anything more than that one is investigating the test results "to discover the possibilities of developing this structure," such a press release is still significantly more optimistic in tone than usual.

More than two years ago, the consortium made its first find in the Rosa complex, which lies completely beyond the continental shelf border of the West German area and possibly goes into it. And some months ago, the East-Rosa 1 drilling showed an almost equally large production of oil in a 24 hour period as the Mid-Rosa drilling that has now been tested.



Midt-Rosa ligger kun 15 kilometer fra det hidtil bedste oliefund, Gormfeltet, der nu har produceret i lidt over to år. Og 5 km fra Øst-Rosa.

Mid-Rosa lies only 15 kilometers from the so-far best oil discovery, the Gorm field, which now has been in production for a little over two years. And five kilometers from East-Rosa.

Key:

1. Norway
2. North Sea
3. Jutland

9124

CSO: 3613/194

## BUSINESS LEADERS SKEPTICAL OF GDR PLEDGE TO BOOST IMPORTS

Copenhagen BERLINGSKE TIDENDE in Danish 31 Aug 83 p 5

[Article by Henrik Hoffmann Hansen]

[Text] "It is the GDR that determines the extent of import and export between the GDR and Denmark. It has to be this way when a state trading country and a liberal country engage in trade."

Trade Adviser Svend Lykke-Schmidt said this in the Danish Embassy in East Berlin after Foreign Minister Uffe Ellemann-Jensen in East Berlin had arranged for Danish exporters to get more orders at the Leipzig Fair that is beginning Saturday.

In the Ministry for Industry, Assistant Secretary Hendrik Boesgaard said that Denmark will have difficulty limiting East German exports to us if the GDR does not increase its imports.

"Some of the goods we buy are on quota. We can change the quotas, if the East Germans don't buy more from us. Nevertheless, this only has a limited effect, because by far the largest part of our imports is made up of oil products, which are not on quotas," Boesgaard said.

## Danish Skepticism

Moreover, Danish businessmen look upon the East German promises with skepticism. At the fair last year, Denmark was also promised new orders, but according to an investigation undertaken by Svend Lykke-Schmidt in the firms that had displays at the fair, they have not received larger orders.

Four years ago, trade between the GDR and Denmark showed a balance, but today the East Germans have cut down Danish imports by 90 percent. The unfavorable balance of trade with the GDR is expected to be 1.5 billion kroner this year.

One result of the falling import from Denmark is less interest in the Leipzig Fair. Twenty-three firms will take part this fall, and this is 15 percent fewer than normal, according to Lykke-Schmidt.



"But besides this, many firms are having themselves represented by others, when previously they went down themselves," he said.

#### Dandy at the Fair

"Besides the fact that the East Germans are losing money from the smaller number of participants, they are losing first and foremost in prestige. They want the fair to be the most extensive in the world, both in the West and the East. Therefore there is a loss in prestige when firms withdraw," he said.

Dandy is one of the participating firms this year. Actually, the firm did not wish to participate after having gone along once before without result. In the meantime, Dandy has received some contacts, and this makes sales chief Allan Christensen think it is worthwhile to participate now.

"Up to now, the East Germans have only bought a brand of chewing gum, Wrigley, from West Germany. But now we hope to get into the market, too. And once one is in, it is easier to stay there than in other markets," Christensen said.

"The problem with competition from West Germany is characteristic for many other Danish activities. The two countries exchange currency on a one to one basis, and this gives the West German firms great advantages over other Western firms," Preben Hoffman, adviser to the Industrial Council's Eastern Countries Office, said.

"The East Germans will use a lot of currency to pay debts and interest to Western countries, and therefore there will be less for industrial import. This hits Danish industry especially," he said.

One of the Danish arguments concerning greater exports to the GDR is moreover that the GDR itself protested strongly when the situation was the reverse in the middle of the 1970's. At that time, the East Germans protested loudly against the Danish trade surplus.

9124

CSO: 3613/194

## ANALYSIS OF ANTIQUATED AHM FACILITY, ALTERNATIVES

Madrid ABC in Spanish 8 Sep 83 pp 48-49

[Article by Carlos de Miguel: "The Blast Furnaces Will be Dismantled"]

[Text] The fact is that the Mediterranean Blast Furnaces [AHM] facilities are small, and in some instances antiquated. Sagunto's complete iron and steel industry dates back approximately to the end of World War I. Between 1917 and 1921, a Basque businessman named Ramon de la Sota founded the Mediterranean Iron and Steel Company to smelt the ore obtained from the mines that he owned and to sell them processed, instead of exporting them. At that time, De la Sota built a blast furnace, a steelworks and finishing facilities, designed basically for long products.

In 1940, Vizcaya Blast Furnaces [AHV] became the owner of the Sagunto plant, which operated privately until early 1970. At that time, and under the aegis of the Second Concerted Action Plan, which called for domestic steel consumption of about 16,000-18,000 tons during the 1970's, it was decided to build a large complete iron and steel plant with a 6,000 ton capacity and some technologically advanced facilities for making flat products. So, in 1974, the private firm Mediterranean Blast Furnaces was founded, with capital contributed by AHV, United States Steel and a consortium comprised of banks and savings funds, which would be responsible for the construction of the new fourth complete plant. After the expropriation of the land called for in the plan and the installation of the cold-rolled equipment (TLF), the construction of which was finished in 1976, with a 1,200-ton capacity, the economic crisis caused all the fiscal years to end with losses, reaching such a situation that the government had to step in and nationalize the company in 1978, when many workers had already gone without pay for several months.

The main works in Sagunto, now intended to be dismantled, consists of three blast furnaces, 5 and 5.5 meters in diameter, of the crucible type, and three LD converters. The three furnaces cannot be operated simultaneously, and hence, ordinarily, one is always shut down. Owing to AHV's lack of orders, a second furnace was also stopped on 4 February. Of the 382 blast furnaces in the world, only 25 are smaller; and as for the converters, there are only 40 in the world as small, accounting for 1.3 percent of worldwide production and located in developing countries. Blast Furnaces' volume is 445 cubic meters,

whereas the European average stands between 1,500 and 1,600. The converters consist of two 36-ton and one 45-ton, while the world average ranges between 100 and 150 tons.

The closing of the Sagunto main works was called for in the Fourth Iron and Steel Plant Plan, approved in 1972, which advocated only the construction of the TLF. The other phases of the plan (blast furnaces, steelworks, TBC [hot band equipment], plate equipment and TLF expansion) were halted in 1980. According to government technicians, the construction of the aforementioned facilities at Sagunto would entail an investment of over 300 billion pesetas.

#### The Kawasaki Report

These facilities were very severely criticized in the Kawasaki report, because it noted that AHM lacked the necessary coke production, the sintering was sufficient for two blast furnaces but not for three, and all the furnaces were small; therefore, it appears impossible to attain a minimal degree of profitability. As for the steel mills, they are relatively modern, but the size of the converters is very small. In response to someone from AHM itself, the Japanese add that the steelworks is small, and also lacks room for the manufacture of pig iron, and that hence, in order to raise steel production, there would also have to be an increase in the facilities, not only of the steelworks, but also of the former, those for pig iron production.

With regard to the rolling facilities, "Kawa" reports that they are obsolete, since the blooming-slabbing equipment can only manufacture slabs measuring 1.035 meters, while the slabs of less than 2 meters already pose problems for feeding the cold-rolling equipment under optimal conditions. As for the finishing facilities, in structural equipment they date back to 1924. Therefore, they are 60 years old, and their closing was already recommended last year. Finally, the steelworks' converters are also small. It has two converters, a 30 and a 6-ton, which began operating in 1969, and another, a 45-ton, which started up in 1976. It also has a continuous melt for bloom, used in the manufacture of rails, which is currently shut down because, among other things, RENFE [Spanish National Railroads] has been unwilling to approve the product obtained from it.

Against these charges, the AHM technicians argue that one cannot claim obsolescence in the Sagunto facilities, when nearly half of the steel produced in Spain is manufactured in electric furnaces, which consume far more expensive energy sources than coal. Moreover, in discussing the company's losses, they cite a certain amount of discrimination. They claim: "It is difficult to explain the fact that the best national cold-rolling facility is operating regularly at 40 percent, when the others, which are far older, are virtually at complete saturation." In this connection, they note that the 8 billion in losses include amounts which are not contingent on whether or not the main works is dismantled, such as the 5 billion for financial charges, 1.3 billion in amortizations that must continue to be paid, and another 1 billion for social expenses (retirement, professional associations, etc.) that the state must continue to maintain. This does not count the amounts which revert to

the state through the workers' taxes, which are estimated at about 2 billion. In addition, with the forthcoming putting into operation of the continuous melt for slabs and the shutdown of the dressing equipment, this product will be manufactured with a savings of some 4,500 pesetas per ton; in other words, of about 2 billion pesetas.

#### There Is No TBC for Sagunto

Despite the argument of the AHM technicians, the decree on investments in the Complete Iron and Steel Industry Plan recently approved is inclined in favor of modernizing the two TBCs installed at ENSIDESA [National Iron and Steel Enterprise, Inc] and AHV, and of giving up the notion of a new TBC at Sagunto. The ENSIDESA and AHV equipment may be regarded as relatively young, because it first went into operation in 1972 and 1966, respectively. Now it will be renovated with a view toward achieving energy savings, improving quality and increasing productivity. Its production capacity stands at 1,700 tons per year for each, but the installation of continuous melts replacing dressing equipment makes it necessary to adjust the features of the equipment on the basis of the weight and dimensions of the dressed products for rolling. The investments made will be used for soaking furnaces, depth control, width precision, automation of the process, etc.

These improvements will bring about an increase in the production capacity, because, for a proper hot rolling, the difference in temperature between the beginning and the end of the rolling of a coil must be kept between correct limits. Therefore, the greater the weight of the coil, the greater the rolling speed and hence the greater the production.

#### The Sagunto Alternative

These improvements would entail giving up the notion of the TBC at Sagunto, although in the eastern area this may be considered a mistake as political as it is economic. The AHM personnel, with the cooperation of the Valencia Association of Industrial Engineers, has drawn up an alternative to the reindustrialization program of the Spanish Complete Iron and Steel Industry a document consisting of over 150 pages, which proves with statistics the profitability of installing a TBC in the Sagunto plant. This alternative clearly differs from that of the Ministry of Interior in figures that may be regarded as key ones, such as the cost of the TBC, for example, which, whereas the administration claims it to be no less than 72 billion pesetas, according to the AHM technicians stands at only 52.5 billion. Despite the fact that the alternative text was submitted to the country's highest authorities, the AHM technicians have not received any concrete response; and hence they have requested of the ministry a public debate to explain the two alternatives to the reindustrialization program. The ministry's opinion in this regard is that, in order to accrue acceptable results for the new TBC, the Sagunto technicians have had to change the amount of the investment, increase the national demand and that for export, assume that the Acerinox firm, which is private, will not install a Stecker three, minimize the increase in production from the improved TBCs and ignore the energy savings after the new investments.

But since there has been no clearcut response from the administration, at Sagunto they are looking for another kind of reason, more political than economic. Everyone comments that the dismantling of the Sagunto plant could be a demand from the EEC prior to our country's entry into it; because its advantageous geographical location could seriously harm Fos of France and Italsider of Italy: as is proven by the fact that some products manufactured at Sagunto for these two companies are billed directly to the customers owing to the savings in freight charges that this represents. Sagunto (and this was acknowledged in the Kawasaki report) is located in an optimal enclave for access to the markets which are more potential purchasers, such as Africa and the Middle East.

In the realm of national policy, reference is made to the forceful measures that other regions might prompt, and to the effectiveness of their leaders. The heads of UGT [General Union of Workers] in Sagunto comment: "Lerma does not have the strength that Garaicoechea does; nor do we have machine guns. They do not dare become involved with AHV, because ETA [Basque Fatherland and Liberty Group] might be behind it, and they would have to hesitate, as they have already done with Lemoniz."

This feeling of comparative injury between regions, precisely because no violence has been used, could be a dangerous element for Sagunto, to the point where the coordinator for defense of the eastern iron and steel industry has been curbing the use of measures involving greater pressure proposed by the more excited ones, who have lost confidence that the situation will improve by way of dialog. If violence should be triggered in Sagunto, the coming fall months (with the restructuring of the shipbuilding, toy, footwear, construction ceramic and other sectors) will be extremely serious for the eastern zone.



The AHM Calculations

Iron and Steel Sector Investment Proposals

|  | Millions of Pesetas        |                 |
|--|----------------------------|-----------------|
|  | Administration<br>Proposal | AHM<br>Proposal |
| ENSIDESA:                              |                            |                 |
| Steelworks and slab continuous melt    | 53,750                     | 18,000          |
| TBC improvement                        | 12,480                     | 12,480          |
| Change in rolled steel shape equipment | 9,000                      | 9,000           |
| Bloom continuous melt                  | 7,000                      | 7,000           |
|  | <hr/> 82,230               | <hr/> 46,480    |
| AHV:                                   |                            |                 |
| Steelworks and continuous melt         | 34,760                     | 36,760          |
| TBC improvement                        | 12,298                     | -               |
| Main works investment                  | 7,718                      | 7,718           |
|  | <hr/> 54,776               | <hr/> 42,478    |
| AHM:                                   |                            |                 |
| Electrogalvanizing                     | 3,300                      | 3,300           |
| Continuous annealing                   | 10,000                     | 10,000          |
| New TBC                                | -                          | 52,500          |
| Continuous melt                        | -                          | 2,383           |
|  | <hr/> 13,300               | <hr/> 68,183    |
| Total:                                 | 150,306                    | 157,141         |

# AHM Hot Band Equipment

Budget (millions of pesetas)

|  |        |
|--|--------|
| Buildings and civil construction             | 7,750  |
| Traveling cranes and handling                | 2,100  |
| Fluids                                       | 3,000  |
| Furnaces                                     | 2,400  |
| Mechanical equipment                         | 10,100 |
| Electrical equipment                         | 8,600  |
| Cylinder shop and operational elements       | 3,750  |
| Assembly                                     | 3,200  |
| Spare parts                                  | 1,900  |
| Engineering and operating costs              | 3,350  |
| Training and putting into operation          | 1,300  |
| Freight charges, duties, insurance and taxes | 2,850  |
| Contingencies                                | 2,200  |

Total: 52,500

# Distribution of Investments

(millions of pesetas)

| Year | Investment |
|------|------------|
| 1984 | 6,825      |
| 1985 | 13,650     |
| 1986 | 17,850     |
| 1987 | 10,500     |
| 1988 | 3,675      |

Total investment: 52,500

2909

CSO: 3548/499

## SLIGHT IMPROVEMENT FAILS TO AFFECT FOREIGN SECTOR WOES

Madrid ABC in Spanish 8 Sep 83 p 51

[Article by Javier Ayuso]

[Text] Madrid--During the summer months, the external sector underwent a slight improvement. Nevertheless, according to the economic experts consulted by ABC, this recovery in the balance of payments and the gold and hard currency reserves is not sufficient to rectify the general status of the external sector, which retains its essential problems.

During the period January-July 1983, the volume of exports declined by \$500 million in comparison with 1982, while the drop in imports (\$1.3 billion) was due only to the reduction in the price of crude. In view of this information, it is very difficult for the government's forecasts of closing the year with a current deficit of \$3.5 billion to be fulfilled.

The latest official statistics on the external sector, although representing a general improvement in the balance of payments for current account and gold and hard currency reserves, show that the economic problems continue to dominate the foreign sector. At the end of July, the current deficit stood at \$2.88 billion. This figure represents a recovery of nearly \$300 million, in comparison with the \$3.162 billion recorded for the same period in 1982. The basic balance (with the capital flow added to it), for its part, showed a deficit during the first 7 months of the year that was almost \$500 million higher than in 1982.

The cashbook data for the Bank of Spain (Table 1) show a better situation in the trade balance. Evidence of this is the fact that the trade deficit improved by nearly \$800 million, thanks to a considerable reduction in imports, which offset the decline in exports. Nevertheless, official sources consulted by ABC noted that these figures on the balance of trade could lead to error. Those sources commented: "The decline in imports is not due to a reduction in the volume of purchases abroad, but rather to the drop in the price of crude." According to data made available to this newspaper, the price paid for oil imports during the first 7 months of 1983 stands at \$4.675 billion, compared with \$5.557 billion in 1982, with virtually the same amount of crude imported. Meanwhile, imports of agricultural raw materials, corn and soybeans in particular, have taken off.

## Tourism Worse

Tourism did not make favorable progress during the months of 1983 that have elapsed either. Entries of tourists into Spain reached the highest levels in history, but the income from tourism, in dollars, was nearly \$200 million less. This has led to the fact that the balance of services has not helped as much as in other years to improve the deficit in current account. Somewhat the same thing has occurred with the balance of capital, wherein there has been a considerable decline in foreign investment in Spain (1.133 billion pesetas, in contrast to 1.509 billion in 1982), and in loans procured abroad (2.792 billion in comparison with 3.976 billion).

Insofar as gold and hard currency reserves are concerned, during July and August the traditional summertime recovery occurred, and it is anticipated that the figure will continue to rise in September, possibly standing at \$11 billion. The unknown quantity lies in the final quarter of the year, which usually shows a sharp decline of this magnitude. The government is confident that the entry of hard currency originating in certain external operations (the latest external loan of the Kingdom of Spain has not yet begun to be received) could reduce the decline, keeping the figure at the end of the year above \$10 billion. This level was exceeded by the drop during April and June, with the resultant psychological alarm.

In view of these data, official circles retain slight pessimism, although it has proven possible to curb the sharp drop in exports to some extent. According to the aforementioned sources, only measures that curb imports could improve our foreign balance, because the exporting prospects are not overly optimistic.

### Balance of Payments, Period of January-July (in millions of dollars)

| Item                     | 1982   |          |         | 1983   |          |         |
|--------------------------|--------|----------|---------|--------|----------|---------|
|                          | Income | Payments | Balance | Income | Payments | Balance |
| Commodities              | 11,869 | 18,025   | -6,156  | 11,312 | 16,685   | -5,373  |
| Services                 | 9,538  | 7,477    | 2,061   | 8,912  | 7,145    | 1,767   |
| Goods and Services       | 21,407 | 25,502   | -4,095  | 20,224 | 23,830   | -3,506  |
| Transfers                | 1,164  | 231      | 933     | 1,043  | 316      | 727     |
| Balance, Current Account | 22,571 | 25,733   | -3,162  | 21,267 | 24,146   | -2,880  |
| Capital Balance          | 6,725  | 4,849    | 1,876   | 4,703  | 3,563    | 1,141   |
| Basic Balance            | 29,297 | 30,582   | -1,285  | 25,970 | 27,709   | -1,739  |

Source: Cashbook of the Bank of Spain

# Gold and Hard Currency Reserves

(in millions of dollars)

| Month     | 1982   | 1983   |
|-----------|--------|--------|
| January   | 15,287 | 11,419 |
| February  | 14,852 | 11,087 |
| March     | 13,946 | 10,097 |
| April     | 13,726 | 9,953  |
| May       | 13,202 | 10,015 |
| June      | 12,891 | 9,691  |
| July      | 13,141 | 10,033 |
| August    | 13,221 | 10,604 |
| September | 12,913 |        |
| October   | 11,797 |        |
| November  | 11,038 |        |
| December  | 11,529 |        |

Source: Bank of Spain

2909

CSO: 3548/499



## DEFICIT IN COUNTRY'S TRADE WITH EAST BLOC INCREASES

Stockholm DAGENS NYHETER in Swedish 19 Aug 83 p 9

[Article by Bjorn Anders Olson]

[Text] Sweden's deficit in its trade with the East is continuing to rise. So far this year, that deficit has more than doubled in relation to last year. On the other hand, last year's deficit in trade with the United States has turned into a surplus this year.

Swedish foreign trade through the end of July showed a surplus of 10 billion kronor, compared to a surplus of only 4.6 billion for the same period last year.

Last year, however, there came the big jolt in August, which resulted in a deficit of 4.2 billion. After the devaluation--and with rising import prices--the deficit continued for the rest of the year, and our trade balance ended with a deficit of 5.7 billion kronor.

## Difficult Month

August is traditionally a difficult month. Since the second oil shock in 1978, Sweden has consistently had a trade balance deficit in August. There are several explanations, but a common one is oil imports, a large portion of the payments for which are obviously made in August.

In August of last year, the cost of crude oil imports was up by just over 40 percent in comparison with the same month the year before.

A similar development can be expected this year. Despite falling oil prices, Sweden's costs are rising in step with the dollar exchange rate, which this year is approximately 30 percent higher than in August of last year.

Swedish foreign trade may therefore experience a setback in August. But there is nothing to indicate that Sweden will not have a very big surplus in foreign trade for the year as a whole. At current prices, it will probably be the biggest surplus ever.

### Finland the Opposite

But the distribution of Swedish foreign trade leaves a lot to be desired.

Sweden's problem is to a great extent the opposite of that in Finland. Finland has a big surplus in its trade with the East, while Sweden has a sharply increasing deficit.

Last year, the period from January through May resulted in a deficit of 1,072 million kronor in trade with the East. For the same period this year, that deficit more than doubled, reaching a total of 2,215 million kronor.

This is a serious and growing problem that is viewed by the Chancery as "terribly embarrassing."

We purchase a great many petroleum products from the Eastern countries, which in turn use those export earnings--hard currency--to buy from countries other than Sweden.

### GDR and Soviet Union

Sweden's biggest deficit is in its trade with the GDR. For the period from January through May of last year, that deficit was 555 million kronor, while for the same period this year it was 1,273 million.

Trade with the Soviet Union during the same period last year resulted in a deficit of 630 million kronor. This year the figure was 1,027 million.

Those two countries therefore account for the entire deficit with the East, and at present, there is no policy for overcoming it.

On the other hand, the picture of trade with the United States is more favorable.

A deficit of 303 million kronor for the period from January through May of last year was turned into a surplus of 375 million kronor this year.

That change occurred even though imports from the United States increased more, in terms of value, than the average increase in all imports (23 percent and 20 percent respectively).

At the same time, Sweden's exports to the United States rose by 28 percent, compared to a 25-percent average increase in all exports.

### EC the Bright Spot

Trade with the EC is also developing in a direction favorable to Sweden. The deficit for January through May of last year was 1,937 million kronor, while this year it was 447 million kronor. It was primarily trade with Holland and Belgium which provided this improved deficit.

Trade with the FRG resulted in a deficit of 4.3 billion kronor this year-- exactly the same as last year. But it should be noted that the volume increased sharply, meaning that in real terms speaking, the deficit was smaller.

Trade with the other EFTA countries resulted in a surplus of 2,765 million kronor last year and of 4,251 million this year.

More in the line of curiosities, here are some further figures:

Swedish exports to Iran showed the sharpest increase at 191 percent, while the sharpest decline was in exports to Iraq (58 percent). Exports to Brazil fell by the same percentage.

Imports from Singapore rose the most (+368 percent), while those from Chile declined the most (-37 percent).

11798

CSO: 3650/272

## CURRENT ISSUES, PERSONALITIES IN INTERNAL CP FIGHT REVIEWED

Helsinki HELSINGIN SANOMAT in Finnish 4 Sep 83 p 27

[Article by Uolevi Mattila: "Finnish Communist Party's Russian Roulette"]

[Text] An official fired from the Central Committee's information section criticizes the party's unification efforts under minority conditions and explains why the axing policy advocates are on the firing line.

Uolevi Mattila, 41, has worked in the information section of the SKP [Finnish Communist Party] Central Committee since 1980. Before that he was an editor of KANSAN UUTiset and a correspondent in Moscow in the years 1974--1979, among other things.

Mattila was fired from his job in the SKP on 31 August "for economic reasons". He has just given up his membership in the SKP, in which he belonged to the so-called axing policy line.

The era of the 1960's aroused public opinion -- along with many other changes in society -- in a very forceful manner in the Finnish communist movement also. Among the People's Democrats in the SKDL [Finnish People's Democratic League] the concept of Finnishness had been promoted primarily with a socialist way of thinking and emphasis, but when the SKP was being turned into a party of the masses in the 1960's, the front line of Soviet-oriented and Finnish-oriented groups that lay between the SKDL and the SKP moved into the SKP itself. Now there is an on-going attempt to unify the SKP along the lines of the minority and to return it from the path of "aimless wandering" in the 1960's to the Soviet-oriented camp.

It is from this point of view that the party leadership has begun to resolve the press question, which has been felt to be a central problem. The withdrawal into the "Russian sphere" is being accelerated by the stricter hold that the neighboring country has on the Communist printing shop and certain newspapers -- KANSAN UUTiset, in particular, is experiencing difficulties.

At the same time, the political support of the whole movement has taken a turn toward a catastrophic decline. The SKDL lost eight seats in parliament in the spring of 1983 and the movement's support is now at its lowest. As domestic funding sources dry up in proportion to the collapse of support,

economic arguments are created for bringing an end to the era of national romanticism in the SKP. The campaign slogan "A Peaceful Solution" of bygone days has been reduced to a "financial solution".

The factions involved in this issue are the SKP's secretariat junta in the majority group headed by Arvo Aalto and partially supported by Aarne Saari-nen as well as a portion of the minority led by Taisto Sinisalo and Seppo Toivainen. Jouko Kajanoja, the new chairman of the SKP, who is faithfully supported by faction chairman Veikko Saarto as well as Pirkko Turpeinen in the capital city area and in the SKDL's parliamentary faction, is a third factor playing alternately into the hands of Sinisalo and Aalto.

The only individuals presently representing the nationalist-oriented (so-called axing policy line) front in the SKP Politburo are MP Arvo Kemppainen, Chairman Aarno Aitamurto of Construction Workers' Union, and Chief Shop Steward Helja Tammisola of Kela [National Pension System], but they do not have sufficient courage to mount a public opposition against the "unity front" created with the help of a strong junta.

The most daring of them has been Kemppainen, but the opposition has decisively crushed Aitamurto's timidity since his position as chairman of the one of the country's largest trade unions would have made it possible to assemble the ranks of the majority behind a common cause. Now there is no sufficiently clear understanding within the majority ranks of what kind of a man Aitamurto, indeed, is in the SKP.

The SKDL led by Kalevi Kivisto has followed events in the SKP in somewhat of a state of bewilderment. Confusion in the SKDL as well as in the rank and file of the SKP has been caused by the fact that the old boundaries have disappeared, and key individuals as well as leading editors who have been considered to be representatives of a strict majority line and a national Finnish line have one after another turned out to be something entirely different -- beginning with Arvo Aalto.

Also the Communists in the leadership organs and offices of the SKDL are divided. The SKP's central office has already been purged. The only ones remaining are those who have submitted to the marriage of the majority and the minority officiated by a Soviet priest either of their own choice or because of compelling economic reasons. The normal continuation of their salaries, among other things has been the dowry.

#### Secret Millions as Gifts

The most important factor in the economic solution has been the Yhteistyo Company's printing shop operations owned by the SKP, which under the guidance of Erkki Kivimäki, the former organizational secretary of the SKP and the present managing director of Yhteistyo, has been placed in jeopardy of bankruptcy. Before his position as managing director Kivimäki was chairman of Yhteistyo's board of directors and that figure of power on whom the printing company's relations with the East were dependent (in this case the meaning is tantamount to the company's sales turnover). More than 70 percent of the



company's sales consisted of jobs ordered by the Soviet Union and the remainder was comprised of the printing of KANSAN UUTISET, RAKENTAJA, ELINTAE, and ELAKELAINEN as well as certain incidental small jobs.

It is as if the purpose of the company's printing shop has been to provide fraternal aid to the SKP in the form of money generated from Soviet contracts, but this has somehow only remained the purpose. However, in the area of printing, international competition has been very stiff, and in the Soviet Union they are particularly conscious of price when it is a question of Western currencies.

Yhteistyo's income jumped cautiously to the plus side for the first time in the middle of the 1970's, but this has been influenced more by the overpricing of printing costs for domestic jobs (including KANSAN UUTISET) than by the productivity of foreign jobs.

KANSAN UUTISET is hopelessly in debt to Yhteistyo's printing shop. This is one of the means of applying pressure in the present "press solution" since Yhteistyo is owned by the SKP while KANSAN UUTISET is officially owned by the SKDL.

Yhteistyo's economic support given to the SKP has primarily consisted of the fact that the wages of certain officials have come from the accounts of the printing shop. A greater role, however, has been played by secret sources of income from fund raising and gifts, the amount of which in recent years has been surprisingly a little less than 3 million markkaa -- and for some reason always exactly the same amount. No such fund raising drive within the ranks of the party has ever collected even hundreds of thousands of markkaa much less more than 2 million.

#### Points of Doctrine Given from Outside

All this provides sufficiently clear evidence of the fact that the SKP's political and ideological ties to the mother country of Marxism-Leninism must be economically reinforced. The SKP is a party which has been given its doctrinal tenets from outside in the same manner as some religious community, and the leadership group in power is the only official interpreter of the application of these articles of faith. Indeed, even it has been only a relatively independent interpreter as the last couple decades have demonstrated.

What is essential in all this is that the SKP does not have any kind of ability or willingness to accept ideas and initiatives coming from the membership unless they are compatible with the points of doctrine and the party leadership's interpretation of them.

Doctrine remains, the membership changes. I myself provided a concise interpretation of the central content of the meeting to journalists in connection with the 19th Congress: either the leadership or the members must be changed.

This aroused some laughter, but events of the last 2 years have borne out the validity of this statement: there has not been a sufficient degree of

change in the leadership and since then the leadership has begun to radically change the membership. This is not even new since much more than half of the SKP membership had already changed in the last 10 years even before the exchange of membership books conducted this year. It is doubtful that the change is as rapid in any other party, but in them the members are not placed within such strict limits as in the SKP.

In the present exchange of membership books approximately 40 percent or a little less than 50,000 members were eliminated from the SKP's books. Among them a large portion was naturally comprised of those who had become apathetic about the whole party many years ago already, but had remained as shadow members casting a vote at congresses through their district offices and party sections.

In spite of many arguments to the contrary, General Secretary Arvo Aalto obstinately pushed through the exchange of membership books in a situation in which all the political realities would have advised against it. It was blatantly apparent that his purpose was to free the party from many members of the majority faction who represented an obstacle to the "new unity". And this has, indeed, transpired. Many have taken advantage of the situation and have quietly stepped aside.

Now it is easier for Aalto to manipulate the majority in accomplishing a solution to the press question and to make other decisions unfavorable to the majority by demonstrating that it does not have any power to make any other decisions. This is the way the majority leadership has behaved during the whole party conflict. Sometimes reference has been made to pressure from the Soviet Communist Party, sometimes to differences within the majority, sometimes to economic problems, and so on.

The final result has always been the same: the large camp of the majority has been forced to subordinate itself to the dictates of a narrow leadership group. This has happened at party congresses as well as in the interim periods.

The membership did not even have the freedom to choose its own party's leadership since the only individuals acceptable were those who, it is claimed, received the approval of the CPSU. The exceptions were the election of Aarne Saarinen to the chairmanship in the 1966, at which time he brought an end to the Stalinist era in the SKP, and the election of Arvo Aalto as general secretary in 1969, but they were followed by the division of the party into two factions. It is interesting that representatives of the Soviet Communist Party openly supported the reelection of Saarinen and Aalto in connection with the 19th Congress held in 1981 and Aalto was praised as an "exceptionally wise man". The fact of the matter was that the CPSU was concerned about the reelection of Taisto Sinisalo as vice-chairman and Aalto had made a promise in Moscow to secure this. This attests to the course of the events at that congress.

## Blessing From Moscow for Press Solution

The unification of so-called center forces and the purging of so-called extremists is now being prepared in the SKP. Arvo Kemppainen, who has been classified on the side of the so-called axing policy line, and Uusimaa District Secretary Markus Kainulainen, who has been classified on the Taistoite side, are among the names included among the extremists.

This center-of-the-road compromise was reached in Moscow between Arvo Aalto and Sinisalo already prior to the 19th Congress and now Aalto and Jouko Kajanoja, who beat him out in the chairmanship race, are working together to accomplish this solution.

The press solution prepared in the SKP, the purpose of which is to weaken the position of KANSAN UUTISET and create for the SKP its own chief organ, is part of this same process. Supported by the CPSU the SKP's Lapland District, in which the the third line wing held power, proposed the basic model for the press solution already before the 19th Congress. Now the basic model for the press solution has received new impetus since it has been advanced with the accompaniment of economic support from the fraternal party.

In May Kajanoja and Sinisalo went to Moscow to reach an agreement on a solution. According to Kajanoja, the blessing was given by Boris Ponomarev himself, deputy member of the CPSU Politburo and international secretary of the Central Committee.

The Yhteistyo Company, the printing shop that prints KANSAN UUTISET, will in the near future receive the contract for printing TIEDONANTAJA, and the volume of Soviet printing jobs is growing. Thus there is a promise of help for the printing shop struggling with the threat of bankruptcy caused by excessively large investments, but it is doubtful that there will be any salvation from a problem which would require a doubling of its sales volume at the least.

What will be the fate of KANSAN UUTISET, which is reducing the frequency of its publication, when TIEDONANTAJA is made into the official organ of the SKP to appear as a daily four times a week according to the "press solution". It is doubtful that the declining membership and support groups of the SKP are ready to maintain two parallel newspapers. A more obvious solution would be a return to the situation prevailing before KANSAN UUTISET when the SKP as well as the SKDL had their own newspaper. When funds are channelled to TIEDONANTAJA through the SKP, this will spell the end for KANSAN UUTISET as such -- it will become a mere shadow of itself.

Even after being renewed TIEDONANTAJA will encounter circulation difficulties among the majority and particularly among those majority circles which have their own district papers (Oulu, Lapland, Kainuu, Vaasa, and Satakunta). The papers published by the SKDL in Tampere and Kuopio can easily be made acceptable to the party leadership since they are dependent on the party's financial support.

TIEDONANTAJA has been the medium of publicity for the minority, its ideological and political agitator as well as the guiding and unifying factor in the activities of a parallel party made up of minority districts and the TIEDONANTAJA Association. Thus, indeed, a central problem for the SKP.

TIEDONANTAJA is not dependent on party funds and it has behind it the open political support of its fraternal party in the East. Indeed, attempts have been made to halt the publication of TIEDONANTAJA. Several times on trips to Moscow Aarne Saarinen appealed to representatives of the CPSU leadership requesting that they give up their support of the newspaper.

Prior to the SKP's extraordinary congress held a full year ago General Secretary Arvo Aalto told the majority faction of the Central Committee about the visit of the SKP's chairmanship and general secretary to the "publisher" [also means 'financial backer'] of TIEDONANTAJA on Tehtaankatu [the location of the Soviet Embassy]. Aalto announced that the leadership group received an answer to the question as to how the TIEDONANTAJA question could be eliminated from the agenda and that the newspaper's "publisher" has a permanent interest in publishing such a newspaper as TIEDONANTAJA in Finland. The existence of TIEDONANTAJA was confirmed as a reality on the basis of the explanation.

Now it is being said that some movement in the issue has occurred in the CPSU. However, the movement has occurred in the leadership of the SKP's majority. Throughout this whole controversy our neighbor has been ready to approve a solution by which the SKP is guaranteed its own organ separate from the SKDL. The minority will have a strong position in the newspaper's editorial policy and work, or rather the newspaper will continue the present traditions of TIEDONANTAJA.

#### Two Real Alternatives

The SKP's press solution is being accomplished on the basis of a centrist compromise guaranteeing the minority position in the party. This will result -- if even the slightest spirit is found in the SKDL -- in increasingly strained relations between the SKP and the SKDL and possibly even in a final split. If this does not happen, the SKDL will, indeed, become just a mere cover organization, by which support for the Communists will be maintained at a level slightly higher than in the other Nordic countries.

The real alternatives for the people's democratic movement are now either to choose a coercive unity with the minority as well as the withering of the movement's national role or to leave the minority along with its supporters to its own devices on the race track of Marxism-Leninism, to unify the SKP majority and the Socialists as well as the People's Democrats in the SKDL and take control of the leftwing of Finnish politics -- building on the basis of the traditions of the Finnish workers' movement -- and help shape the role of the SDP in a constructive manner.

In the SKP's game of Russian roulette each pull of the trigger sends a bullet on its way.



## Arvo Aalto's Moscow Odyssey

What about the change in the SKP's majority leadership, on the basis of which the minority advance began? Many factors and those who were thoroughly fed up with supporting the minority would have spoken on behalf of a completely different solution.

But the leadership clique in the party's group of officials was never at any point during the party conflict ready for any other kind of solution. Its viewpoint has, above all, been one of power politics and not principles.

Almost all of the SKP's officials have close ties with Moscow. They have received their party training there, some even their wives, and at the leadership level there is a continuing close contact with Tehtaankatu. Officials are sent to "leadership-level" seminars in Moscow and those whose relations with Moscow are above reproach are able to take annual vacations on the Black Sea. None of this information has trickled down to the rank and file, particularly the fact that vacations abroad for SKP leaders are paid for by covering the expenses of CPSU officials on vacation in Finnish tourist hotels.

This group of officials has only been awaiting the right moment to bring an end to this annoying situation. Annoying for the reason that minority officials have been treated to a higher level of hospitality on trips to the Soviet Union.

The moment came a full 2 years ago just before the 19th Congress. Aarne Saarinen had already announced to the inner circles his intention to retire. The was heartily endorsed in the majority's district organizations. It was already evident at that time who the candidate would be to succeed him: the reformist Arvo Aalto, who was promoted from the position of the district secretary of Lapland to general secretary in 1969. The idea was not new to him either.

Labor Minister Arvo Aalto, who had had a taste of ministerial socialism for approximately 5 years, had, however, a different goal in mind than the majority's rank and file, who had yet at that time taken an oath of faithfulness in his name.

Until that time Moscow had not yet consented to treat Aalto with that degree of respect that is due to a general secretary of a communist party in Moscow's order of protocol, and for 12 years this had been a "personal problem" for Aalto. Now Aalto saw an opportunity to resolve this problem and to raise himself to a much more secure position than what the mere support of the majority could accomplish.

Upon Aalto's request a decision was made to embark upon the customary trip to Moscow with a carefully selected leadership-level delegation prior to the party congress. This was done even though there were many skeptics.

As an exception to the rule the members of the delegation did not have much to say about the trip. Everything had been customary and proceeded without



problems and no agreement on anything had been concluded. However, things began to happen immediately after the trip: Aalto hired Leevi Lehto, his former political secretary and confidant, and Juhani Ruotsalo, the editor of Taisto Sinisalo's just published book, to write Aarne Saarinen's official report to the 19th Congress. He stated that now we can find out in all seriousness how closely Sinisalo can be approached. Saarinen became a "person on the side lines" and Aalto arrogantly hung on to the reins.

Aalto had begun a new phase in his term as general secretary. Even though the party's majority members had already surmised that Aalto had concluded agreements behind their backs, they were still prepared to elect him as the chairman. They calculated that in this way Aalto would be released from his agreements and would be brought back into the majority fold.

Aalto was, however, obstinate. He refused the chairmanship during the 19th Congress. This he has regretted many times since then because his refusal caused his career to take a downward turn. At the following extraordinary congress Jouko Kajanoja, a protege of Aalto who had risen in the ranks and became a government minister, had the audacity to beat out Aalto and become the chairman himself with the temporary help of the majority while relying on the minority.

It became evident during the 19th Congress what had been agreed upon in Moscow. The protection of Taisto Sinisalo's position had been raised as the key question there. For this reason the congress could not change the chairman since it had become clear that Saarinen and Sinisalo were tied to each other: If Saarinen leaves, Sinisalo will also leave. Thus Saarinen's re-election had to be ensured, at which time Sinisalo would also be reelected as vice-chairman. It was decided to make Aalto chairman, but only after the congress when Sinisalo's position had been secured.

Aarne Saarinen was supposed to resign from his post shortly after the 19th Congress announcing that he wants to retire. It was considered evident that as the strong man of the majority Aalto would then automatically be elected chairman. Thus team of Saarinen--Sinisalo would be replaced by the team of Aalto--Sinisalo, whose task would be to unify the party by means of a centrist compromise.

In this way Aalto was supposed to move into the good graces of Moscow and become a more significant party leader than Saarinen. Relying on Moscow's political support Aalto would have become an influential factor in Finland's political life.

This is what was supposed to be.

10576

CSO: 3617/179

## MODERATE COMMUNIST KAUPPILA NAMED SECRETARY OF USSR SOCIETY

Helsinki HELSINGIN SANOMAT in Finnish 4 Sep 83 p 7

[Article: "Kauppila Candidate for USSR Society General Secretary"]

[Text] Erkki Kauppila, the chief editor of KANSAN UTISET, the newspaper of the SKP [Finnish Communist Party] and the SKDL [Finnish People's Democratic League], has been designated as the new general secretary of the Finland-USSR Society by the Finnish Communist Party.

In a vote taken in the SKP's Politburo Kauppila won over Timo Karvonen, the education secretary of the Finland-USSR Society, by a vote of 6--3. Kauppila belongs to the SKP's majority wing and Karvonen to the Taistoite faction.

Christina Porkkala, the present general secretary of the Finland-USSR Society, is retiring. Her successor must be elected by the end of September. Porkkala belongs to the Taistoite faction of the SKP.

Kauppila, who has been a candidate for general secretary of the SKP, has directed the information section of the Finland-USSR Society for several years.

Kauppila's successor as chief editor of KANSAN UTISET is not yet known. The discussion on a new chief editor is only just beginning.

10576

CSO: 3617/179

## STALINIST ORGAN VIEWS CP PROBLEMS AT 65TH ANNIVERSARY

Helsinki TIEDONANTAJA in Finnish 26 Aug 83 p 2

[Editorial: "Finnish Communist Party's Problems"]

[Text] On Monday it will be 65 years since the establishment of the Finnish Communist Party. The SKP [Finnish Communist Party] is sick on its anniversary. The SKP is suffering from many afflictions and they are not the result of the party's age, as the afflictions of a physical being can be. The reasons for the party's afflictions lie elsewhere. The SKP has the ideologically and politically lasting, unanimous decisions of its congress. They are based on the progressive, scientific doctrine of Marxism-Leninism and provide the SKP with an opportunity to meet the challenges of the time at least satisfactorily -- certainly better than any other party even with all its deficiencies.

The problem lies in exceptional practice. In practice the SKP is primarily suffering from a rather serious case of ideological toothlessness and confusion.

The class adversary has recently proclaimed in a loud voice the SKP's backwardness, uselessness, and inevitable demise.

The propaganda of the adversary has received a unique response within the SKP itself. Members of the party leadership are even disseminating views which, on the whole, reject the role of the working class and the ideological foundation of the party. Marxism-Leninism is being replaced by "many Marxisms" and a demand for ideological pluralism, proletarian internationalism with a "new internationalism" and superpower doctrines. The necessity of a communist party itself is being made "critically" questionable.

All this cannot help but increase the members' and workers' lack of confidence and prospects in the party.

Politically, the SKP's removal from destructive government adventures offers opportunities for mounting a joint struggle on behalf of a workers' policy. New decisions on this have been made, but in practice it has become necessary to wait for the active, mass-oriented opposition policy hoped for by the party rank and file.

Rather, there has been much theorizing about the futility of an advance struggle. Some, as if satisfied, have also derisively stated that the condition of being outside of the government has not increased SKP/SKDL support, but the Gallup curve has continued its downward slide. But a good as well as a bad policy can be carried out in the government as well as outside of the government. By not doing anything support will surely decline even outside of the government.

Organizationally, the unification aspirations of the membership have been attacked by the axing policy line. The divisive actions accomplished in Lapland have not been corrected. An attempt has been made to turn the press resolution proposal aimed at strengthening the party into an instrument of division. Junta meetings with the intent of inflaming factional strife have been held. The SKDL's machinery has been transformed into an ever more important weapon for causing dissension in the party. Information on the preparations for the municipal elections point to new divisive operations.

Since the issues are not being painted in rosy colors, the SKP's situation is difficult -- and there will continue to many more difficulties. But the party's joint efforts, the will of the vast majority of the party-oriented membership, and proletarian internationalism will create the prerequisites for improving unity as well as for the party's ideological and political vigor.

Above all, we must now assemble our forces for practical actions on behalf of peace as well as the timely domestic and economic policy goals of the working class. As far as the latter is concerned, opportunities for joint actions are increased by, among other things, the alternative budget approved by the SKDL's parliamentary faction. In building party unity it is important that the necessity of the party having its own daily newspaper be discussed as extensively as possible while also strengthening the existing communist press and that new divisive aspirations be thwarted already in advance with constructive actions.

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CSO: 3617/179

## MOVE TO LIMIT PRESIDENTIAL TERM IN OFFICE GAINS MOMENTUM

Stockholm DAGENS NYHETER in Swedish 20 Aug 83 p 11

[Commentary by Kaa Eneberg]

[Text] Helsinki, August--During the almost 2 years that he has been president of "the new Finland"--the so-called third republic--Mauno Koivisto has steadily strengthened his position as a popular and democratic head of state. But no matter how popular he becomes, it is hardly likely that there will be a repetition of Urho Kekkonen's marathon period in power--almost 26 years.

The reason is that Sorsa's multiparty coalition is right in the midst of stitching together a bill that will allow only one reelection, meaning a total of two terms--12 years--in office.

And with Urho Kekkonen's rule fresh in people's memories, that reform will probably find easy acceptance.

"Such a change is an absolute necessity for Finland." So says Social Democratic veteran Karl-August Fagerholm, who today is an alert 82-year-old pensioner.

In 1956 he lost the presidential election to Urho K. Kekkonen of the Agrarian Party by a hairbreadth. And as early as the mid-1970's, before anyone could see a hint of the end of the Kekkonen era, the long-time prime minister and speaker of Parliament wrote a book entitled "The Speaker's Voice" in which he warned against the parliamentary disintegration that was taking place.

DAGENS NYHETER discussed the transition to Koivisto's Finland with Fagerholm and with Jaakko Iloniemi, who has given up a long career as a diplomat to enter the field of banking. Iloniemi is regarded as an up-and-coming man in the Social Democratic Party who has an open line to the "ministers' stronghold" (Finland's equivalent of Sweden's Rosenbad). Personally, the 51-year-old political scientist sees himself as a "political observer."

Arriving home last spring after serving as ambassador to Washington, he stirred things up by stating his opinion that Finland had become a more democratic country under Koivisto.

He said that Finland would now be ruled once again through its institutions rather than by way of a clique of selected people who enjoyed the president's



favor. Most people probably felt the same way, but no one had expressed it in such clear terms.

#### Silence

It was clearly an analysis that met with approval, but also with silence, in the minister's stronghold and, presumably, in the presidential palace as well.

It was a welcome conclusion at a time when the last of those closest to Kekkonen--Ahti Karjalainen, governor of the Central Bank, and Minister Olavi Mattila--were disappearing from the scene.

Mauno Koivisto himself says he disapproves of the talk about a new republic. He sees it as an overdramatization of the transfer of power--chiefly on the part of the press.

This is how he expressed himself in his distinctive philosophical style when DAGENS NYHETER asked him about the "third republic" at his summer residence in Gullranda:

"No one can be someone else. Everyone must find his own way of doing his job. It is easier if one has a good starting point and a society that is functioning.

"There was a time when Finland's situation was very precarious and exposed. We envied others. In those days it was popular to sing songs about how things were much better under the palm trees far away."

The president laughed: "And the farther away the better.

"But those songs are not so popular anymore. The country we live in looks pretty good when we look around in the world. We live in the conditions that apply to small countries.

"But it is not right for me, at least, to say that we have gotten a new system."

Bank manager Iloniemi observes that it is still too soon to say how the political process will develop under Koivisto.

"But Koivisto clearly represents a different political philosophy and belongs to a different school."

He adds that Koivisto had his own close experience with the Kekkonen period, during which he was prime minister for two terms.

#### History

Iloniemi says: "Koivisto was personally aware when he became president, of course, that there was discontent among the people. The criticism was not open, but it could be seen indirectly in the debate concerning a constitutional revision that would limit terms of office. That discussion must be viewed in the light of the critical feelings that existed."

K.A. Fagerholm observes that "yes, there is something entirely different with Koivisto." He repeated several times, when Kekkonen's name was brought up, that "all that is over now; it is done with." It is history and is no longer true.

That is what he says about the fears expressed for democracy in his memoirs entitled "The Speaker's Voice."

"I have a feeling, however, that our parliamentary system has become a little distorted lately--that the distribution of power in our government is not what it should be. Parliament ought to be on its guard. And hold on to its power."

Fagerholm does not like the writing that is being done about Kekkonen. The old man's end was a tragedy in illness. Fagerholm himself does not intend to write any more on the subject.

"But it can be observed that there was a sweeping change in Finland's political life when Kekkonen took over from J.K. Paasikivi.

"Paasikivi was a rigidly conservative person who exercised power firmly and with a tight fist. But he never violated the constitution."

On the subject of Kekkonen, Fagerholm smooths things over a little by saying that "it is hard to say when one does not have all the facts."

"But," he adds, "you cannot get away from the fact that he had a strong will to make decisions himself and to dominate."

Fagerholm is careful to emphasize that his criticism of Kekkonen concerns the latter's dictatorial way of directing domestic politics. Kekkonen handled foreign policy well.

"And it must be said that from the standpoint of foreign relations, things went better for Finland than there was often reason to believe."

#### Drama

Kekkonen's first term of office--from 1956 to 1962--contained drama in the form of the "night frost" and the note crisis with the Soviet Union. Would Finland have been different under Fagerholm than it was under Kekkonen?

"I have never had any personal troubles with our eastern neighbor," says Fagerholm, who was viewed by the other members of his party as being too pro-Russian.

"But there is one thing I know for sure. I would have served only one term--never as long as Kekkonen did. It is wrong to stay in office that long." Fagerholm points out that even Paasikivi "lost his head" and tried to be re-elected when he was nearly 90 years old.

Juakko Iloniemi, who was a diplomat throughout the Kekkonen era, does not believe that "democratic rule was foreign to Kekkonen." He also says that Kekkonen did not overstep the constitution.

"But it can said, I suppose, that Finland's constitution is so flexible and elastic that it adapts itself to various ways of governing.

"And it is also natural that someone who governs for a long time should do so through the same people. They are people that one knows and has appointed, and one trusts them."

As the years pass, there is less need to discuss things with those representing dissenting interpretations and opinions.

"One achieves a homogenization of the political process. Even Parliament falls into line, although it gets its mandate from the people and is not responsible to the president. Parliament begins to keep a careful eye on the government, which first sounds out the president as to what can be accomplished."

Sidelined

K.A. Fagerholm sees it a little differently:

"Finland wound up with two branches of power: Parliament and the president. The governments were completely sidelined. They did not dare do anything without first running to Ekudden (the president's residence) to find out if it was possible."

Iloniemi says: "It is hard to say when that particular political process took shape under Kekkonen.

"But when reelection became automatic under the Emergency Powers Act that took effect in 1973, he already had a real grip on the process."

Of course, he had achieved enormous prestige 10 years earlier by resolving the note crisis.

The introduction of the Emergency Powers Act simply extended Kekkonen's term of office without elections.

Iloniemi points out that the system under Kekkonen should not be viewed as a conspiracy.

"It was just that because of the way in which the climate had changed, the authorities, instead of running their own bailiwicks, did not take any action without first finding out whether their plans were feasible. This was done through the small circle surrounding the president. One can view this as a desire to try to support the president in his rule.

"And the more recognition he received, the easier it became to follow him instead of influencing him."

Koivisto's clearly ambivalent attitude toward open debate within the country concerning foreign policy--a stage in democratization--is something on which Iloniemi declines to comment. The president has expressed a desire for greater participation in the foreign policy, but at the same time, he has used harsh words to crush the debate, which he felt was getting lopsided.

#### Participation

Iloniemi simply notes that Koivisto has had a genuine desire to get ordinary people involved in those issues.

"He wants people to stop simply taking everything for granted. People should understand what is happening and not just wait for instructions."

The expression "third republic" was coined by Max Jakobson, the diplomat and author.

Today he is unhappy with the expression because it has been wrongly interpreted. It was not intended as a model for classifying the country's presidents since the war, for example. Instead, it was meant to be a description of the country's economic development.

According to his classification, the "first republic" was agrarian, the second was industrial, and the third, which exists currently, is postindustrial. But now, instead, people are equating the "third republic" with Koivisto.

Jakobson says: "That is a deplorable debasement and far too banal."

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CSO: 3650/272

## LABARRERE ON PSF CONGRESS; SOCIAL, ECONOMIC REFORMS

Paris LE QUOTIDIEN DE PARIS in French 8 Sep 83 p 11

[Interview with Andre Labarrer, minister delegate to the prime minister in charge of parliamentary relations, by Emile Malet; date and place not specified]

[Question] From the government to the PS [Socialist Party], and the Elysee Palace does not seem to holding back, we hear people speaking of a "reconquest of public opinion." This is even one of the priority objectives assigned to the PS by Lionel Jospin for the party congress at Bourg-en-Bresse. Do you think that the Socialist Party can help the government get the upper hand in this battle?

[Answer] I think that the PS is constantly helping the government in this sense. Party members can play a role at the communications level, by providing a better picture of what has been accomplished.

[Question] How could the PS succeed in this reconquest of public opinion?

[Answer] First of all, by being united on the essentials. Moreover, this would not prevent discussion in any way. It is a matter of confirming the image of a PS which is really a responsible party, with responsible members who know very well that you can't demand the impossible.

"All Party Members Need to Take Things in Hand Again"

In this sense it is necessary for everyone--and all party members in particular--to take things in hand again. We need to find once again, in a very determined and total sense, a taste for and a sense of militancy. Of course, during our time in the government we have carried along a lot of sediment, and this sediment--at the current of the river is not as strong--winds up settling to the bottom. Therefore, if we want to regain a certain purity in this Socialist Party, discussions must continue. They should be sharp and very compact at the same time.

[Question] And as a Socialist Party member, how will Andre Labarrer conduct himself at the Bourg-en-Bresse congress?



[Answer] At the Bourg-en-Bresse congress I will be the apostle of the party member, of party militancy, with a sense of the extraordinary work that has been done. We were too long in the shadows of the opposition to find our feet easily, now that we are in the sun of government, so to speak. There have been some cases of sunstroke, as it were.

That is why we have to be prudent and re-establish the unity, the combativeness, and the pride of socialism. As for me, I was distressed when I saw that extraordinary surge of support for the Socialist Party in May 1981. It could only go down. Today, the problems and difficulties we face show us that in this outgoing tide there is material to build with.

[Question] What would be more clearly up to the party than to the government?

[Answer] We must not confuse things. The party has a role in stimulating action. The government has the role of governing.

[Question] Then there is no Socialist Party state?

[Answer] No, there is no Socialist Party state. There is a Socialist Party which wants to be a mass party, which has always tried to stay close to the masses.

[Question] When you expressed the wish that the party would be united at Bourg-en-Bresse, did that mean that you wanted to re-establish the magic unity of the party congress at Valence?

[Answer] Oh, no! The unity expressed at the Valence party congress was the unity of a given moment. That unity also reflected a need, whereas now the unity which should be reflected at the Bourg-en-Bresse congress should be unity in substance and not in form.

[Question] Will this unity involve voting on a motion that brings together different points of view?

[Answer] First of all, I hope that there will really be a true and definitive meeting place between this and that point of view.

"We Need a Real Motion That Unites Different Points of View"

That is the first point, and a major one, in my view. In that respect we are on the right track. Now--and that has always been my view--we have to develop a real motion that unites different points of view. However, such a motion should not be like those black and white motions which we once saw during the Fourth Republic in certain political parties. It should be a motion which reflects a real synthesis of ideas. There can be no motion which really unites different points of view unless there is an agreement on the objectives and on most of the means to be used.

[Question] What kind of compromises should a real motion exclude in bringing together different points of view?

[Answer] Personally, I would exclude--and I think that you will not find in the party--intolerance, economic nonsense, a lack of proper reflection, and displays of aggressiveness.

[Question] In brief, then, what is needed from party members at the Bourg-en-Bresse congress is, first of all, support for the government?

[Answer] The purpose of the congress is not only support for the government, although that remains one of the objectives.

[Question] Lionel Jospin has indicated that at Bourg-en-Bresse there will be less talk of the heritage of the past than of your proper responsibilities since you have been in power. Do you agree with this view?

[Answer] Yes, and I consider this an extraordinarily courageous position. Certainly, there will be times when we could continue to talk about our heritage. I have spent many years in the opposition where we were continuously reproached with the heritage of the Fourth Republic! I think that this was not a good thing to do.

"Let's Not Hide Our Weaknesses"

To return to the present, we have our own responsibilities. And it is always very bad if you try to hide your weaknesses from yourself or to have others put up with them. For if you think that these weaknesses are the responsibility of others, you will never correct them.

[Question] What weaknesses do you see in these 2 years of Socialist Party control of the government?

[Answer] I support the government, the whole government. However, the fact is that we have not always looked reality in the face.

[Question] Your political friends have criticized the behavior of the opposition in the past session of Parliament. Is this also your view?

[Answer] The behavior of the opposition seems to have been positive, in my view, with the exception of a few rather touchy moments.

[Question] After the president of the republic, Pierre Mauroy, Lionel Jospin--there you all are, supporting the minister of justice. Why?

[Answer] As for me, I support Badinter [minister of justice]. He's a brave man. And the idea of abolishing the death penalty is extraordinary. It's a great idea from the socialist program.

[Question] They why don't you put into practice all of the ideas in the socialist program? Is it a lack of courage, electoral calculations, or constraints imposed by reality?

[Answer] My feeling is that you can't build a socialist society in 2 days. I would add that competence, prudence, and clearness of mind have never precluded conviction and, if you will, the steady advance which is always faithful to socialist ideas. Perhaps I go too far, but Saint-Just, in my opinion, is not the antithesis of Danton, when you look at the issues in depth.

#### "Don't Restart the Fires of the War Over the Schools"

You can pursue your objectives, your specific objectives, and at the same time you can appreciate that you don't need to clash with other people's views, with other people's sensitivities. You have to move forward bit by bit, without "tearing down the house."

[Question] Are you for or against private schools?

[Answer] We don't have to restart the fires of the war over the schools. I sincerely think that, thanks to the mutual understandings we have, we should be able to bring together the positions of the immense majority of both camps. As far as the "extremists" of all kinds are concerned, they will never be convinced! In Pau [Basses Pyrenees] we always voted for funds for the children of Pau who attended private schools. We also voted for subsidies for nature classes and for school trips for the private schools. The idea that a private school recruits its students from the bourgeoisie exclusively is false.

This kind of problem touches everyone in his innermost self, and although we should not deal with it in terms of outmoded feelings, we should not forget that the essential question is the education of the child, with respect for his personality and in a climate of total freedom. Without a spirit of tolerance the old demons will joyfully return to do battle.

#### "Socialism Is More Than Democracy"

[Question] But beyond your humanist philosophy, do you think that socialism and democracy mean the same thing?

[Answer] Yes. However, I would say that democracy is not the prerogative of the Socialist Party. There are other political parties which are democratic. However, we socialists wish to go farther. That is why I think that socialism is more than democracy and is more than liberty. There is also a search for equality in socialism, not to mention the role of the socialist dream.

[Question] Isn't it a contradiction to dream of socialism while trying to resolve the social and economic difficulties which accumulate under government management of affairs?

[Answer] I am in the government. I regard the work done as a positive accomplishment. This is a normal attitude. Is this the antithesis of socialism? I wouldn't say it is the antithesis. At times there are problems and difficulties. You can't avoid them.

The government's action is positive, and history will recognize it as such. However, our purpose is clear: to make France evolve toward socialism, that is, toward more social justice, and to place our country in a strong position on the new battlements of the modern economy. Faced with the difficulties of government, you won't accomplish anything if you are totally anchored in reality and you don't hold onto a little corner of a dream associated to immense confidence in mankind.

[Question] Has this view led you to support socialism less and less?

[Answer] It's not a matter of talking about it. It's a matter of living it, of making it come closer.

[Question] And you have the impression that the exercise of power will not hamper this advance?

[Answer] Certainly, you shouldn't speak in terms which are contrary to reality. However, you should not let yourself be guided by the realities. The difficulty and the danger at present is that the difficulties are taking us far from what we want.

[Question] By taking you away from your socialist principles?

[Answer] No, but you have to pay attention. Power is dangerous.

[Question] Nevertheless, would you like to remain in government?

[Answer] Clearly, I would like to see the government remain in power. Having said that, I don't mean that I would like it to remain in power, no matter what the price.

[Question] Do you think that the congress at Bourg-en-Bresse will be the occasion for a renewal of the PS image? For example, by bringing back to the agenda the grand principles and the values of socialism?

[Answer] No, because although I think that this is a timely question, it is not the only problem. Nor is it our principal concern. First of all we have to get through this crisis, to fight against unemployment, to place France on the tracks of modern industry. Furthermore, the PS, due to its diversity, has a vocation to address itself to all countries. However, just as France is a multifaceted reality, the Socialist Party will go in search of a France in plural form.

5170

CSO: 3519/614

## MILITARY SERVICE: PCF ACTIONS, PSF ATTITUDES IN RECENT BOOKS

Paris RENCONTRES COMMUNISTES HEBDO in French 1 Jul 83 pp 4,5

[Article by Antoine Spire: "New Army -- Everything Starts with Jaures"]

[Text] Everything starts with Jaures: to democratize the army, to put it once again at the service of the nation, to organize it as a militia, somewhat like that in Switzerland, to make citizens artisans of the country's defense. This is how Jaures imagined a nation under arms to destroy the existing system of castes in the French army, which had been sadly revealed by the Dreyfus affair. But having to face the responsibilities of power has forced the left to make compromises with the high command. And as Pascal Krop\* tells us, the socialists sometimes took the step from a compromise to a deal. Thus, the abandonment of the promise of a 6 month period of military service, delays in the democratization of the army, and what Krop refers to as "the sacrifice of the freedom of expression and of association of the conscripts" are said to be due to military pressure within the PSF [French Socialist Party] and to the government's desire to placate the distrust of the military hierarchy. But Krop's criticism is even more severe when he worries about Francois Mitterrand's "confirmed atlanticism." At the Elysee Palace they are apparently multiplying the goodwill gestures toward the United States: "a little as if the head of state would like to make the American big brother forget the presence of the communist ministers in the government." What Krop denounces is the left's respect for the treaties, the holding of the NATO summit meeting in Paris, and especially France's position in favor of the deployment of Pershing II missiles in Western Europe. In fact, the president of the republic is keeping in mind the weight of the SS-20's for which there is currently no equivalent counterbalance in Europe and he advocates a negotiated disarmament between the two big powers, reducing each of the nuclear arsenals to the lowest possible level. In addition, the affirmation of the necessity of a European defense forms the hard core of French policy, but it comes up against the nuclear prohibition which is still imposed on the FRG; hence the importance given by Francois Mitterrand to the autonomy of the French defense system and to the credibility of our national nuclear capability. Krop characterizes this policy as "Jauresian-Gaullist." It seems to me that this underestimates the complex interweaving of relations which the country finds itself in. As a member of the Atlantic Alliance, France must find its own original path by contributing to the revival of the unification of Western Europe.

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\* Pascal Krop, "Les socialistes et l'armée" (The Socialists and the Army), published by the Presses Universitaires de France.



This is a delicate game, considering the political changes which have taken place in the FFI, and the confirmation of conservative predominance in French politics. The point that can be said is that the PCF [Communist Party of France] is not helping to explore this independent perspective within a Europe removed from the attraction of the two big powers. And yet, in the PCF the Jauresian tradition rubs elbows with the Leninist tradition, but the national tradition personified by Maurice Thorez shouting in 1936 "long live the republican army," was often smothered by unconditional solidarity with the USSR. If during the war all the military forces of the resistance agreed, not without difficulties, to be led by a command, the Comac, which consisted of three men, two of whom were communists -- Maurice Kriegel-Valrimont for the southern zone and Villon for the national front --, it was because at that time communist patriotism prevailed over all other considerations.

But de Gaulle was distrustful and rejected the automatic integration of the FFI [French Forces of the Interior] into the French army; and yet, nearly 2,000 officers who were party members went to wage war in Indochina. Some of them collaborated with the Vietnamese, which sometimes earned them death at the hands of other French officers. Others tried to promote the protest movement against the war, symbolized by second master mechanic Henri Martin who, under instructions from the party leadership, distributed pamphlets against the war on the ships of the national fleet. As a matter of fact, from that period onwards, communist officers often became agents of the USSR and the leaders of the PCF were not always aware of it, Yves Roucaute\* tells us.

Furthermore, the Soviets ask not only for information on the French army, they also want to know how the PCF leadership is functioning. The affair of Lieutenant Colonel Beaufile, accused of espionage for the Soviet Union, is thus explained simultaneously by his loyalty to the resistance, the perpetuation of an exclusive militant internationalism and by the disorientation of a communist soldier crashed under the contradictions.

This attitude is the ultimate expression of one of the aspects of the communist military policy: distrust, characterized by Roucaute as "class oriented," toward the military hierarchy, which leads to a basic criticism of the army as a tool of the wealthy class. But this aspect goes hand in hand with a desire for order which is reflected in a desire for an alliance. The national tradition implies compromises with the military establishment, alliances with its cadres, including the highest levels. Here Roucaute recalls the 22nd Congress, noting that there was no longer any question of destroying the state and its machinery but that, on the contrary, the objective was to democratize them in order to place them at the service of the French nation. In other words, he wrote, "there is no longer any question of taking over the power of the state to use it against the state, but only against the bad actions of the state."

This is probably where Roucaute's dream of a revolution aimed at saving a clear sleep and which would finally replace the army of the bourgeoisie with a people's army, remains. And yet, Roucaute gives an outstanding explanation

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\* Yves Roucaute, "Le PCF et l'armée" (The PCF and the Army), published by Les Presses Universitaires de France.

of the reversal of the communist policy toward nuclear arms. With documents to support it, he recalls the first position taken by the PCF at the time of the explosion of the Hiroshima bomb in 1945. The communists approved and talked about the most sensational discovery of the century. Hence, continuity with the attitude of Georges Marchais. Curiously enough, this issue is also at the center of Pascal Krop's book. On 12 June 1976, a socialist leader stated before the executive committee: "We must have a reasonable arms policy, hence the problem of the nuclear force, but the Socialist Party is not yet mature enough to admit it." Two years later, in January 1978, the Socialist Party rallied to nuclear arms. As accession to government power drew near, the leftist parties became aware of the obligations which were going to befall them. Being realists, they took a position in favor of an effective national defense.

Today, it would not be without value to draw up the balance of the national defense policy since 1981. Krop's pessimism does not prevent him from acknowledging that some things have been done: the elimination of the Larzac camp, the reform of military education, the entry of women in the closed world of the armed forces, exchanges between military personnel and teachers, the elimination of the permanent armed forces courts... These reforms constitute small steps in the direction of this new model of a democratic army which the left has been fervently calling for since Jaures.

2463

CSO: 3519/610

## ADLER INTERPRETS SOVIET PLENUM, APPOINTMENTS, POWER MOVES

Paris RENCONTRES COMMUNISTES HEBDO in French 24 Jun 83 p 2

Article by Alexandre Adler: "A Strange Plenum"]

[Text] This time the plenum of the Central Committee of the PCUS [Communist Party of the Soviet Union] was awaited with a mixture of curiosity and anxiety by all observers of Soviet policy. To a certain extent the suspense about the appointment of a head of state has now been resolved with the nomination of Yuri Andropov to this largely symbolic position. At the same time, all those who expected this plenum to provide a vigorous impetus for reform in the economic area or in the area of foreign policy can only be disappointed by, in a word, the very Brezhnev-like tone of this meeting.

As a matter of fact, the speech made by Andropov on this occasion contrasts strongly with the sharp reprimands he has addressed to one sector of officialdom or another since his advent. It is true that Andropov has made several points during the last few weeks: as early as April there was the agricultural conference where measures were taken to the benefit of the kolkhoz farmers, which were not very spectacular but really innovative. From now on, the tendency to strengthen collective discipline at the expense of individual producers, which had characterized the last Brezhnev years, has been reversed. It was not by accident that Chernenko, the spokesman for the Brezhnev heritage, did not participate in this conference which constituted a disavowal of his own policy; he reappeared only at the end of May.

Since then, two very important dismissals have confirmed the expansion of Andropov's sphere of initiative. Ivan Kapitonov was in charge of the executive section, which organized the appointments at all levels of the nomenclatura since the advent of Brezhnev in 1964. A neo-Stalinist without ambiguity or doubts, Kapitonov -- who was removed under Khrushchev and reappeared at the time of Khrushchev's fall -- applied to his sensitive position a policy of great Russian nationalism and narrow dogmatism. His departure, without any honorary screen, and replacement by a little known Siberian regional secretary, Igor Likashchyev, is a sign that the new secretary general is in a position to determine his own cadres policy.

As a matter of fact, it is a direct co-worker of Andropov in the "foreign-socialist" section, Vladimir Kochemassov, who will succeed Bjotr Abrassimov as ambassador to the GDR. Abrassimov was famous in East Berlin for his firmness and his distrust of the peace movement; he is said to have inspired a

German revolt within the political bureau of the SED [Socialist Unity Party (East German Communist Party)] against Honecker's policy, which is aimed at reconciliation with the FRG. This promotion could be a sign of a new Soviet charm offensive in the direction of Germany and of the European pacifist movement, very much in the style of the new secretary general.

Several other promotions implemented at the plenum -- to the Central Committee (Marshal Akhromyev, in charge of the SS-20 program), to the Political Bureau (a new deputy member), and to the Secretariat (the secretary of Leningrad, Romanov, who had been a constant adversary of Brezhnev for several years) -- confirmed the strengthening of the power of the new secretary general.

But this power remains largely contained by the tenacious resistance of the various old guards who benefited most from the end of the Brezhnev reign. A first indication of this strong resistance by the conservatives may be deduced from the extraordinary stability of the Political Bureau, even though four vacancies had to be filled in it, or also of the Secretariat, which is still reduced to four instead of five members, as if they had wanted to prevent a majority from developing in it.

Finally, there is an obvious parallel between the plenum's opening speech made by Chernenko and the report presented by the minister of foreign affairs, Gromyko, to the Supreme Soviet following Andropov's election: in the eyes of the Soviets, the maintenance of the unchallenged authority of the party apparatus on the one hand, and priority to the confrontation-conciliation relationship with the United States on the other hand, are the two pillars of the Brezhnev system.

Furthermore, some references made by Chernenko to socialist realism in the cultural field, to the role of Marxism-Leninism in the solving of economic problems, to the struggle against the rebirth of religious feelings, have created the fear that the countermeasures will be disturbing. Behind the protestations of personal loyalty to the new secretary general, these declarations form the outline of an alternative program which thus takes on a legitimacy equivalent to that of the Andropov program.

The bad mood of some peripheral groups (anti-China action in Mongolia, various protests against the pope's trip to Poland, activist anti-catholicism of the Slovak group in Czechoslovakia) confirms the reservations of numerous dogmatic groups, supported by the secretary of the Central Committee to the socialist countries, Ruzsakov, with regard to the need for significant reforms. Only the Hungarians and Jaruzelski's team in Poland seem to be fully aligned with the new Andropov strategy of an opening toward China and Europe. But this strategy has found a strong echo in the GDR, in Yugoslavia, and even in China where the official press has outlined a parallel between Andropov and Deng Xiaoping.

Thus, at the end of this strange plenum the prognosis remains guarded: the struggle between the two lines in all fields has only begun. Henceforth Andropov will be cloaked with all the exterior attributes of power; now it only remains for him to exercise that power.

## DISSIDENT COMMUNISTS CALL FOR ROLE IN EUROPEAN ELECTIONS

Paris RENCONTRES COMMUNISTES HEBDO in French 1 Jul 83 pp 1,2

[Article by Serge Briand: "They Are Already Talking About It"]

[Text] In issue No 91 of RENCONTRES COMMUNISTES HEBDO, a reader from Marseilles asked for the opening of a debate on the European elections. One year before the elections (which will be held, based on proportional representation and national lists, on 17 June 1984) this question has already taken on a primary importance in the news, and the major political forces are concerned with it. The democratic and unitary communists have started thinking about it and, of course, RENCONTRES COMMUNISTES HEBDO wants to bring about a widespread debate.

These elections will simultaneously have national stakes within the framework of the left-right confrontation, and a European stake: it has become more and more obvious that the prospects for change in France are closely related to the European framework. What position should we take in the important battle ahead?

During the press conference of 27 April last, Henri Fiszbin outlined a position of principle: everything will be done to ensure that the democratic and unitary communist movement will be present at the next elections and will submit other communist orientations to the verdict of the voters.

As the next deadline is the elections for the parliament in Strasbourg, the stakes are twofold: national and European. The entry on the lists of the democratic and unitary communists is also a response to a double objective: to strengthen the struggle of the left at the national level and to produce proposals which will produce progress at the European level. Everything leads one to believe that a significant current of past communist opinion will support this novel initiative.

The national stakes of these elections are the result of the explicit intention of the right to divert the object of the ballot and to turn it into an anti-government referendum. If it is a question of avoiding the trap, it must also be realized that this is a difficult area for the left. It is not certain that its voters, in the current crisis conditions, are really aware of the direct, European stakes while in the absence of national institutional consequences, the temptation to demonstrate another "warning without costs" could be very strong. If the right were to achieve its objective, it would



are a significant point in destabilizing the power of the left, in depriving it of the time it needs.

In such a context, our intervention could contribute to the rallying of all the leftist forces, in all their diversity. (which does not mean going fishing in the troubled waters of the rally of the discontented with vague "alternative" positions. A clear political base must be affirmed; one must choose one's camp and ours is unequivocally that of the presidential majority.) The existence of a communist diversity as an electoral fact has become patently obvious: the municipal elections have provided a clear, even if partial proof of this. For several years now, the whole communist potential has no longer been mobilized by the PCF [Communist Party of France] alone. Profound and lasting differences have developed as a result of that party's refusal to take on an in depth debate and a modernization.

The presence in the electoral field of the democratic and unitary communists (this is not a registered trademark owned by REMONTRÉS COMMUNISTES) would offer a prospect for mobilization to that part of the electorate which has been missing from the PCF (and from the left as a whole) for several elections now.

At the European level, there are profound differences of assessment within communist opinion. Even if the PCF has evolved since the 1969 referendum and since the 1979 elections (in which it opposed the French and European interests) and even if it has toned down its anti-European positions, this party is far from responding to the needs of a real communist policy in this area. Because, contrary to the dogma of the "national crisis," whether we like it or not in order to move toward socialism and to achieve its objectives France is handicapped if the other countries are going in the opposite direction. In order to advance in France, there must be an advance in Europe.

A "different communist policy," which develops positions independently of those of the USSR on such issues as disarmament, the blocs, the Europe of the workers, and which takes a clear position with regard to Eurocommunism and the European left, could provide answers to a whole series of decisive questions. How do we derive the best results, from the point of view of the class interests of the working class, from an economic development at a European scale? How do we help bring together the social and economic policies? How do we bring together the programs made by each of the nations for the benefit of all? And will united Europe, which represents 25 percent of the world trade, play a role in the financial crisis? In the short term perspective of the year 2000, will Europe (and France) be able to find the resources necessary to be an economic power or not?

A useful contribution could perhaps also be made toward peace. The situation is a new one: the peace of Detente seems to be in the past and we have returned to a situation in which there is a risk of war in Europe. With the digitalized or nuclear range weapons there is a tendency to lower the threshold of war... At the political level, a subtle re-examination can take place: in the United States with the peace policy, and in the USSR with Afghanistan, the employment of the troops and the hike in military spending. The tendency to solve problems through crises, which is a way to

the together blocs which have begun to disintegrate, involves serious risks. The peace movement analyzes these dangers well, but it provides purely moral reactions to it. A political analysis, which is independent of each of the two blocs and which is responsible, is lacking. How can we find the way -- the only basic political response -- to a Europe which is "neither anti-American nor anti-Soviet" (to pick up an Italian concept) and gradually interpose a new European policy between the two blocs?

The democratic and unitary communists could make a positive contribution to all those questions. In 2 years time, the PCF has not succeeded in discrediting a communist commitment which is different from its own, and the reality and identity of which have been clearly established. A significant portion of the communist electorate -- in the broad sense of the word -- shares the same aspirations. To recognize this completely would in itself create a significant change in the French political landscape. Every voter would have /a choice/ [printed in capitals] between two communist positions. This would make possible the expression of what exists among the communist voters and would eliminate the situation we have known up to now in which the PCF, monopolizing communist expression, has weakened the communist potential as a whole in our country by driving away important forces.

The debate, which is not a purely theoretical one, has been opened. Isn't this the moment to check whether a correct idea, when the masses seize it, can turn into a material force?

3519/610

## POLITICAL MOTIVES BEHIND CHANGES IN ECONOMIC LEADERSHIP

Athens I KATHIMERINI in Greek 8 Sep 83 p 1

[Text] A new and very serious falling-out struck the government yesterday with the resignation of the minister of Finance, Mr. Koulourianos, that was submitted a month ago and which the premier was forced to announce yesterday. Mr. Pottakis will take over Mr. Koulourianos' job and the job of alternate minister of National Economy will be taken over by Mr. Kostis Vaitsos, until now deputy minister. Mr. Pitsioris, deputy minister of Industry in the first PASOK government will replace Mr. Roumeliotis who resigned a month ago. A meeting of the cabinet will take place today and the swearing in of the new ministers will take place day after tomorrow. The resignation of Mr. Dim. Koulourianos is considered by economic observers as the beginning of the end of the government's economic policy, and the premier's decision to place in that position the present alternate minister of National Economy, Mr. Gian. Pottakis, could not otherwise be explained except as the total adaptation of the financial policy to the needs of PASOK's preelectoral offensive. According to economic observers, the placing in the Ministry of Finance of an individual closely connected with the members of PASOK's Executive Office and the Kastrì environment was dictated by only one criterion: that Mr. Pottakis will not refuse to finance whatever government measures will serve the priorities of the preelectoral campaign to the detriment of those measures necessary to bring the economy out of the long-term recession.

Within this preelectoral context, it is expected that there will be announced--independently from the time they will be implemented--various demagogic measures while, at the same time, significant public resources will finance showcase public works and "make work" employment for the jobless.

In any event, the resignation of Mr. Koulourianos and his replacement by Mr. Pottakis is a fact that breaks the homogeneity of the government in the critical area of its Economic Staff and intensifies the process of disintegration while creating the premises for the intensification of dissensions and disagreements on the fundamental choices of the economic policy. This, because these changes will ignite and deepen the known differences between the minister of National Economy, Mr. Ger. Arsenis, and Mr. Pottakis.

In fact, it is known that the cooperation between the two men was precarious while Mr. Pottakis was responsible for only a limited part of the operations of the Ministry of National Economy, that is, for the foreign trade policy.

Now that Mr. Pottakis acquires more substantial power in view of the fact that it will be he who will approve the funds necessary for the implementation of the policy developed by Mr. Arsenis, how will the relations between the two men develop?

Thus, independently of the effort of the government's spokesman to present the changes as a simple modification within the framework of the present Economic Staff of the government and his insistence that it is Mr. Arsenis who remains responsible for the formulation of the economic policy, it is a fact that the power of the present minister of National Economy has been undermined. From now on, the Executive Office of PASOK and the close circle of Kastris advisers will have next to Arsenis the man who at any time can pull the rug out from under him.

#### The Dissension

The pretext of personal reasons for Mr. Koulourianos' resignation is evidently not convincing because it is known that the former minister of Finance had disagreed with fundamental government measures, ESY [National Health Plan], while at the same time, he had expressed his opposition to the more general strategy issuing from Kastris and the Executive Office.

#### Substantial Difference of Positions

In essence, Mr. Koulourianos had publicly advocated a strict financial and also more general economic policy which would have been aimed at an economic recovery by limiting the deficits of the public sector which are fundamentally responsible for the rampant inflation. At the same time, he had proposed a series of legislative measures which affected union interests.

More generally, Mr. Koulourianos maintained that during the present phase, long-range return measures should have priority instead of measures to impress the public which undermine the effort for the recovery of the economy.

These positions of Mr. Koulourianos brought him in direct opposition with the members of the Executive Office who accused him of taking measures (merger of the tax collectors - retirement fund employees, the increase in circulation taxes, new FAP [real estate tax], etc.) that were politically very costly and provoked reaction among PASOK voters.

At the same time, the inflexible attitude of Mr. Koulourianos and his refusal to approve the credit increase for the ministries run by members of the Executive Office proved to be his undoing because they brought about the open opposition of the majority of the KYSYM [Council of Ministers].

#### ESY, the Coup de Grace

At the beginning of the year, Mr. Koulourianos had notified Mr. Papandreou of his decision to resign, but he had been asked to stay a little longer until the tax bill had been approved. He resubmitted his resignation in the spring, but again he was asked to remain in view of the Greek chairmanship of the EEC. However, after Mr. Papandreou's decision to support the ESY bill about which Mr.

Koulourianos (despite the fact that he signed it) was in manifest disagreement, it was the straw that broke the camel's back and on 10 August he submitted his resignation in writing and it was accepted yesterday by Mr. Papandreou.

It is to be noted that Mr. Arsenis made desperate attempts to have Mr. Koulourianos reconsider, to no avail, however.

All the reasons for Mr. Koulourianos' resignation are indicative that, for the time being, it is evident that his accepting any public position is out of the question. Consequently, the older plan to move him to the Bank of Greece, whose direction Mr. Arsenis will be forced to relinquish sooner or later, has gone awry.

Actually, the, after the changes, several financial restrictions will be relaxed and we will enter, as Mr. Papandreou had alluded in his introductory remarks to the Central Committee, into a more expanded policy in order to finance the works of the preelectoral campaign and a mini-policy of grants. The releasing of such a storm will rekindle inflation while it will rock the balance of payments.

Lastly, the economic observers expect the next target of the EG [Staff Office] to be the governor of the National Bank of Greece, Mr. St. Panagopoulos, against whom the newspapers connected with the party machinery have intensified their attacks.

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CSO: 3521/440



## PASOK PRACTICE OF MIXING DOMESTIC, FOREIGN POLICY

Athens I KATHIMERINI in Greek 9 Sep 83 p 5

[Text] Let us hope and pray that the signing of the Greek-American agreement for the bases which took place yesterday and the dissemination of the text, which will take place today, will not give rise to a new series of actions that will seek to "balance" the impression given by opportunely exalting the anti-Western faction of the governmental formation. Let us hope and pray that the government will consider sufficient the anti-Western position with which it was credited in the domestic stock market of party politics as a result of the two actions of the past few days: its initiative to thwart a statement of the Ten against the Soviet Union for the downing of the South Korean aircraft and its obstinacy in bringing its proposal on the missiles before the informal meeting of the foreign ministers on Monday.

The ability to make a distinction between subjects is not one of the virtues that the government has shown since the day the Greek people gave it the power. And not only between foreign matters, but between domestic ones as well. By launching into a doubtful play of impressions in the stock market of party politics whenever it is faced with a difficult problem, the government mixes matters that have no relation to each other. It confuses foreign and domestic matters and connects areas that are alien to them in an anxious effort to compensate for impressions of actions which contradict its declarations in order to create a favorable atmosphere for unpleasant measures about to follow. It creates confusion in which the consequences of its decisions become less predictable and in order to reap partisan profits when its indicators in the party politics stock market show a downward trend.

The area of foreign policy is the one in which the government has developed this activity, so much so, that many believe that our foreign policy is dictated nowadays by the party needs of the moment. It is along those lines that they explain the two efforts of the government the past few days on the matters of the missiles and the South Korean aircraft: the impression left by the signing of the agreement on the bases had to be softened because, it was with it, that the second of the two most important subjects of foreign policy on which PASOK had based its preelectoral offensive (the other was the EEC and NATO) was closed.

But, how long can these tactics continue? Perhaps, has PASOK thought about how much profit in party politics it continues to reap, after two years of use, during which everything became known sooner or later?

Now then, halfway through the four-year term which is the apogee of its life, is it not perhaps time for the government to abandon this contradictory policy that, while it does not enhance its prestige in any way shape or form, often complicates our relations with the organizations to which we belong and from which the government not only does not appear disposed to withdraw as PASOK declared before the elections, but, on the contrary, often proclaims the advantages, especially from the EEC...

The government is intelligent enough to be aware by now that these guerrilla tactics do not have much more margin to continue without serious danger for the country and at a high political price for itself.

Two years ago it took over power with the consent of one out of every two Greeks. And in order to obtain this large percentage, the preelctoral promises, lavishly given to all and for everything, were largely responsible.

With such a majority, the government had all the power to close down the bases and get out of ANTO and the EEC. It did not do so because it made the correct judgement, as a government, while it acted irresponsibly as the opposition. At this moment, Mr. Papandreou is president of the EEC, Greek forces participate in NATO exercises and the presence of the American bases is questioned only in the sky writings of PASOK which will surely remain as monuments to political stupidity in our political annals.

It is time, therefore, for the government to become serious, to separate its domestic policy from the foreign one, to stop grasping at straws to save itself from the gravest internal problems by using anti-American and anti-EEC rhetoric. To stop believing that its problems will diminish, that the many deadlocks are becoming fewer and that the true picture is confused with the anti-Western guerrilla at international meetings. To stop the quixotic blowing out of proportion of the international role our country can play in the settling of world-wide problems whose solution depends and is determined exclusively by the two superpowers.

The sense of reality is a very useful thing and when one loses it, one is in danger of either losing his rights, or covering himself with ridicule, or both.

9/31

CSO: 3521/440

## FORMER SUBMARINE OFFICER: DENMARK SHOULD USE MINI-SUBS TOO

Copenhagen BERLINGSKE TIDENDE in Danish 3 Sep 83 p 9

[Article by Jesper Glahn]

[Excerpts] The defense minister is urging those in favor of defense to argue more strongly. Up to now, the debate has been characterized by economic and administrative viewpoints, and to a lesser extent by the overall strategy.

In civilian life it is the mode to make strategic plans -- to find strong and weak points. This is also the basis of this proposal, but a full discussion would be too extensive for this article. The central point in civilian strategy planning is after all the "customer." SAS and others have had great success by asking, "What does the customer want?", and then adapting its products to fulfill these wishes. If we are to "translate" this to fit the situations of defense, we must call the "enemy" the customer and realize that the goal of defense is to prevent the enemy from achieving his goals.

Denmark's geographical position has not changed in the course of time, but technology and the potential enemy have -- in the course of time it has been Germany, Sweden, and England, and today it may be, as the NATO countries say, the Warsaw Pact countries. Let us simplify this and call it the USSR.

Has Denmark changed its defense strategy as a result of the buildup of the USSR fleet? No, defense allocations have remained generally unchanged since the defense law of 1960!

The USSR is continuing its expansion overseas with "new markets" in Africa, the Near and Far East, and to some extent in Latin America. The invasion in Afghanistan seems to confirm the fact that the old drive for expansion is still alive.

The presumed primary goal of the USSR still seems to be expansion, but to prevent the outbreak of a world war, which could squander everything that has been built up, it continues to go by sea to the overseas markets under generally peaceful conditions (this is completely in accordance with modern marketing strategy: one competes for sections of the market without monopolies!).

Four essential strategic presumptions have changed since our defense concept of 1960. The SS-20 missile strength in the USSR has been built up to a

superiority over NATO; it threatens more than Europe alone (including Denmark). It will possibly be able to knock out our present defense in an incomprehensibly short time.

The USSR's naval strategy has focussed upon sailing through Danish waters, because the main part of the USSR's shipyards and export capacity lie in the Baltic Sea. Control of the waters to be sailed through must be defended even after a massive SS-20 attack and during the escalation and de-escalation of politically tense situations.

The USSR's submarine threat against the West is being intensified -- just now in Scandinavia! It demands new countermeasures.

Danish off-shore activity is a new strategic factor in our territory. It needs, among other things, new maritime efforts.

Then what do we do?

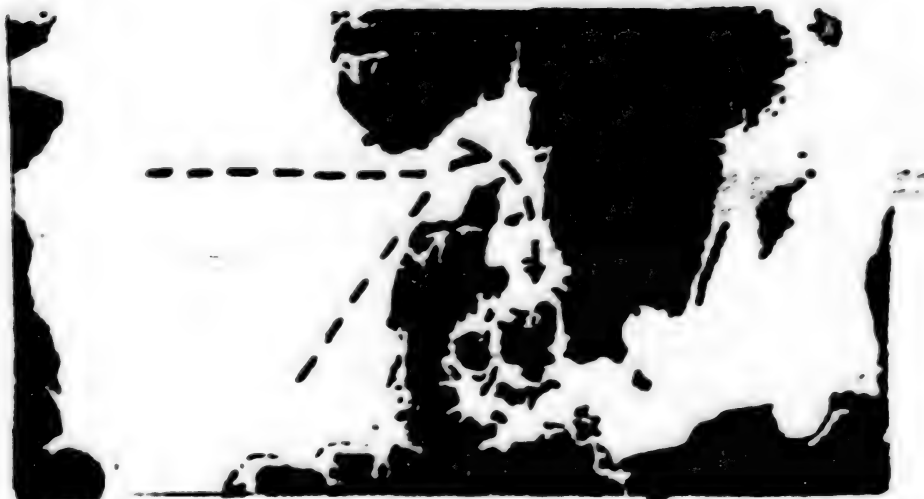
This proposal is to build up a strategic reserve of mini-submarines that can operate from bases of our NATO allies (southern Norway, Scotland, or Holland), and that can be used to prevent the passage of the USSR through inner Danish waters, regardless of whether Denmark is knocked out by an SS-20 attack or not!

The advantage of mini-subs is that they prevent wars. The enemy does not reach his primary goal -- unhindered passage through Danish waters -- even after Denmark's other defenses have been overcome. Therefore, the question arises of whether it is worthwhile to attack Denmark, that is, the mini-subs are essentially war preventatives.

Reduce the missile threat. If the enemy does not achieve his primary goal through the use of a massive SS-20 attack, it will not be enough to terrify a significant part of his potential to this purpose -- especially since he presumably wants very much to be able to use the arch later. This may mean with a certain probability that because a mini-sub is not a goal for a missile attack -- provided we have the strategic submarine weapon.

"Submarine jungle." We utilize the particularly good possibilities of the inner waters for operations with mini-subs. The stratification in salt content and temperature gives extremely good possibilities for hiding. It requires the establishment of a special command that we have had in Sweden, Germany, or other NATO countries. To that end, we have had since WWII and up to WWII, and it must definitely be brought up to date with modern technology. It will be just as difficult to defeat a strategic submarine (mini-sub) as it was for the U.S. in Vietnam and for the USSR in the Pacific.

Minisub defense. From what we have seen in the Swedish archipelago, we must imagine that the laying of mine bunkers and other efforts will not be effective enough, because they can be laid out and removed in the preparational phase to disarm them. The problem of defensive measures became obsolete at the end of WWI. From that time, the defense of the archipelago



**Mini-ubåde kan operere fra baser hos NATO-allierede (Sydnorge, Skotland eller Holland)  
og forsvare vore gennemsejlingsfarvande**

The mini-sub can operate from allied NATO bases (south Norway,  
Scotland, or Holland) and defend our waters.



out the enemy out of reach of radar and with reasonable visibility.

Here one must not forget that the enemy's merchant marine and large warships will be extremely vulnerable in our area if we have mini-sub -- and we will be the ones who can take the initiative!

They are cheap to obtain. Mini-sub is will be very cheap to acquire in comparison with other modern war material (airplanes, helicopters, tanks, etc.). Guerilla war often out-competes "the great war machines" with its speed and simplicity. Could the economic means come from NATO's cruise missile account?

They are cheap to operate. From the point of view of personnel, the mini-sub is will also be cheap -- a few hundred men total! Here we will also utilize our high level of human quality (not just intelligence, education, morale, etc., but also imagination and individuality).

Another thing we should not overlook is employment in Danish shipyards and boat-building plants at present. In contrast to airplanes, helicopters, tanks, and others, mini-sub is can be built in this country and perhaps make a contribution to employment.

Finally, it should be stressed that the mini-sub is primarily thought of as a strategic weapon that can be used with great effect in, for example, an invasion force -- but this must be looked upon as a supplement that does not replace traditional defense! For if the enemy does not use SS-20 missiles, but conventional means (pressure, terror, coup, invasion, etc.), it is also necessary to have the necessary possibilities of countering them.

The mini-sub is -- as a supplement to conventional defense -- a necessary preventative to the SS-20 threat, not the least in a nuclear-free North!

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## BUDGET RESTRICTIONS LAME AIR FORCE DEVELOPMENT

Rome AVIAZIONE in Italian Jul 83 p 457

[Article by Luigi Visconti: "In an Address to the CASD (Center for Advanced Defense Studies), Bartolucci Says: The Air Force Is at the Limits of Acceptability"]

[Text] The inadequacy of the budget appropriations is causing an impoverization of the Italian Air Force which, if it continues, would make it necessary to review Italy's very commitment within the Atlantic Alliance.

The year 1983 was a "year of anticipation, because it is the year in which the alliance (Editor's Note: NATO) must give proof of its firmness and cohesion by going ahead with deployment of the Euromissiles in the event that the negotiations in progress at Geneva on the intermediate nuclear forces do not lead to concrete results." This was the opening remark by General Lamberto Bartolucci, chief of staff of the Air Force, in his address to the 34th session of the CASD on the topic "The Air Force in the Light of the Possible Evolution of the Strategy of the Atlantic Alliance."

The picture of the present state of the armed force of which Bartolucci is chief of staff is not of the best. "In summary," he said to the CASD, "we can assert that the ability of the air component of the Italian military instrument to carry out its assigned task is only at the minimum level of acceptability." But there is something worse to say: "The Italian contribution to the conventional arm of the triad--and, knowing the situation, I believe I can include the other two armed forces in this also--has certainly become insufficient."

Although, thanks to the MDAP [expansion unknown] supplies and the other American aid, the qualitative and quantitative state of our air forces was excellent until the 1960's, the same cannot be said of its condition in the following years. Upon the cessation of this aid, the government did not come up with appropriations adequate for coping with the rapid qualitative and operational impoverization of the equipment in service. The lack of adequate financial means led in 1975 to the restructuring--through a reduction of forces that was supposed to give priority to quality over quantity--of the Italian air-forces instrument. This restructuring was to be implemented by 1984, but

difficult ever falling below the minimum acceptable levels for carrying out the tasks provided for within the NATO framework. This program has certainly not been maintained, though.

"As the end of the period planned for completion of the restructuring approaches," General Bartolucci laments, "the Air Force has had to note, on the one hand, a considerable delay in implementation of the improvement programs, mainly because of the unavailability of adequate financial resources, and on the other hand, an expansion of the processes of reduction, which in several sectors have gone beyond what had been planned." An immediate result is the postponement to 1991 of completion of the 1975 10-year restructuring program, with a consequent penalization in several vital sectors, such as air defense and the air-tactical support forces. "the renovation programs planned for which," says the chief of general staff, "will not be able to be completed before the end of the current decade."

That the upgrading of the avionics of the F-104S interceptor and the Spada missile system have been hit, while "the vicissitudes of the AM-X program are well-known, but there is confidence, in any case, that it will be carried out on time, in view of the extreme urgency of replacing the aircraft of a good eight air-tactical flight groups, since the counteroffensive capacity of the Air Force cannot be based exclusively on the Tornado planes." There are other gaps: training helicopters, updating of the avionics of the Atlantic antisubmarine planes, which it would be desirable to have more of.

The agreed-on 3-percent increase in the military budgets of the NATO countries has not always been achieved. And in Italy it has proved impossible "to ensure the hoped-for renewal of an overall operational capacity, even if at a minimum level. The further inescapable slippage of the restructuring programs is proof of this." And this in the face of a threat that is taking on new and more sophisticated forms, and an adversary alignment that is increasingly taking on a markedly offensive character, in the air-tactical area as well.

In line with the recognized necessity of keeping the standard of the conventional arm of the NATO tried high by taking action in the area of the quality of the equipment and of the weapon systems, the Air Force is in any case trying to do something, even in a context of budget restrictions that have few known threats. The very-low-altitude detection and surveillance capabilities are tending to increase with modernization of the radars and integration of NAW (NATO Airborne Early Warning) and with NADG (NATO Air Defense Ground Instrument), and improvements are in progress also in the airborne ECM's (Electronic Countermeasures) and in the weapon systems. The Tornado, whose capabilities "for carrying advanced armament, stand-off capability and precise-guidance capability" are well-known also, falls within the framework of this thinking.

The same armament as carried by the Tornado will go on the AM-X too, with great advantages for interoperability and for the flexibility of the air-tactical units. "The precise-guidance weaponry, weapons of area (or guided bombs, cluster bombs and dispensers with submunitions, will give the air-tactical forces based on NATO (expansion unknown) and the AM-X," Bartolucci stresses, "a very high and unprecedented effectiveness. This new armament

will also make it possible to reduce the number of missions, with equal anti-air results, making it possible, in fact, to alleviate the shortfalls deriving from the well-known insufficient quantitative availability of the planes carrying the armament." A reference to the antiship missions: "In particular, with use of the Kormoran and Maverick missiles it will be possible to conduct antiship warfare with the greatest effectiveness, by virtue of the large radius and radius of action of the Tornado and AM-X planes, in addition to self-defense capacity with air-to-air missile armament."

A fighter-interceptor will be necessary for replacing the F-104S's in this role. For that plane, "the specific requirements will have to take into account the different characteristics of use in the northeast sector and in the central-southern sector. The aircraft will therefore have to possess a combination of considerable acceleration, speed and maneuverability, as well as a large radius of action, one that can even be increased with in-flight refueling, and also autonomous capacities for air-defense operations." For weapons, missiles and a cannon are hypothesized, while for area defense, a look has been taken at the Patriot, which is already of interest to other NATO armed forces, such as those of the FRG and The Netherlands.

Mr. Enzo Bartolucci, the indispensable condition for moving the programs forward in a manner coherent with the operational requirements is that of having adequate financing and of having the certainty of its availability in a timely and continuous manner in relation to the development of the programs themselves. "Otherwise, there is the risk not only of doing nothing but also of having to reconsider, in the last analysis, our very commitments within NATO, and of finding ourselves with air forces that are below the survival limit."

11/97  
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## MARITIME POLICE, COAST GUARD TO GET NEW ANTISUB WEAPONS

Stockholm DAGENS NYHETER in Swedish 18 Aug 83 p 12

[Article by Anders Ohman]

[The] civil authorities--the maritime police and the coast guard--are going to get access to the navy's two antisubmarine "incident weapons": the MAMA depth charge and the MALIN acoustic mine, which are now fully ready for operational use.

Violations of Sweden's coast by submarines are continuing--despite protests by the Submarine Committee and the government.

During a meeting with the mass media arranged by the navy, Navy Commander in Chief Per Rudberg said: "It is frightening."

He said: "I cannot go into details, but what I can say is that the submarine intrusions are continuing."

Next month the OB [supreme commander of the Armed Forces] is to report on the latest submarine incidents in Sweden. The government will be the first to know how sure the navy was that there were foreign submarines inside Swedish waters around Sundsvall and in the Torne area.

As far as the navy commander in chief is concerned, there is no doubt--foreign submarines and minelayers are continuing to violate Swedish territory and to challenge the Swedish Navy.

Per Rudberg says: "They are behaving in such a new and different way, that we feel that both the technology and the tactics are new and unknown to us."

## People Losing Patience

The Swedish people have started to tire of the fact that the navy is unable to force a submarine to the surface. The navy's credibility has deteriorated steadily since the incident in Hard Bay in October 1982, and the navy commander in chief is reminded of that fact every day. People write letters and call him at home in the middle of the night. Some of them are understanding--while others are more intolerant.



"I find that pressure annoying to some extent. Navy personnel, who have devoted so much time and effort to trying to do their job, are naturally not at all happy to discover that they are not able to do anything," says Per Rudberg.

Since 1 July of this year, the navy has had orders to force foreign submarines to the surface and identify them before they are repulsed. DAGENS NYHETER asked whether things would get rougher--with a greater use of armed action--the next time the navy has a "probable submarine" surrounded.

The navy commander in chief said: "The one who pushes the button in such a situation will know that the full power of the state stands behind that decision. I am working to see that an instruction of that kind will be as all-inclusive as possible."

#### Punches Holes in Hull

The navy is now counting partly on its two incident weapons to deal with future submarine intrusions. The ELMA depth charge is now being mass produced and will be installed on the navy's surface vessels. With its shaped charge, ELMA punches holes in a submarine's outer hull and inner pressure hull, so that water rushes in. Experienced submarine captains have said that holes in a submarine mean only one thing--it must surface.

ELMA will be fired in bunches by a special launcher so that a relatively large area will be covered. Tests with ELMA by the FOA [Defence Research Institute] show that the depth charge is triggered 199 times out of 200--provided that it strikes the hull. But it is precisely the weapon's accuracy that is almost impossible to predict.

Comdr Bengt Ugglä, who participated in the development of ELMA and MALIN, says: "It is wrong to believe that these two incident weapons are a solution to our problems."

The wire-guided incident torpedo 422 is now also ready to use. This torpedo, which in its incident version carries a reduced charge, is dropped from a helicopter. It has a limited range of application and is best suited to operation in the open sea.

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MILITARY

SWEDEN

# SOVIET SUBMARINES BELIEVED OFF TRELLEBORG, YSTAD

Copenhagen BERLINGSKE TIDENDE in Danish 1 Sep 83 p 5

[Text] Both Trelleborg's and Ystad's harbors have certainly been visited by foreign submarines during the past six months, Colonel Jean Carlos Danckwardt, former chief of Blekinge's coast artillery defense, said Tuesday in a meeting in Trelleborg, SYDSVENSKA DAGBLADET writes.

The rising number of submarine operations along the Swedish coast indicates that an "offensive" has been begun against Sweden, the retired colonel said. He was one of the leaders when the Soviet submarine ran aground in the archipelago near Blekinge two years ago.

Sweden -- as a small country outside of the large military blocs and with few resources to combat submarines -- is regarded by certain countries as a completely harmless "maneuver area" for operations with, among other things, submarines, Danckwardt said.

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## BRIEFS

AIR FORCE PROCUREMENT THREATENED--Canceled refresher courses, delayed materiel procurement, and perhaps the closing down of units are in the offing. Planning experts on the Armed Forces central staffs are struggling at the moment to solve the mathematical operation involved in complying with last year's defense decision at a time when the appropriations are being reduced. All three military branches are having a hard time, but things are worst for Air Force Commander in Chief Sven-Olof Olsson. A greater percentage of the air force's budget goes for materiel, and much of that materiel is procured abroad. The high rates for the dollar and the devaluation have knocked a tremendous hole in its budget. It is estimated that the air force is already more than 2 billion kronor short of being able to comply with the defense decision through 1987. The air force commander in chief is not ruling out the possibility that organizational changes will be necessary in the long run if more money is not forthcoming. He told the TT [Press Wire Service, Inc.]: "I must keep a reasonable balance between quality and quantity." At the start of September, the chiefs of the three military branches will submit their proposals to Lennart Ljung, supreme commander of the Armed Forces, who will then have a month in which to consider various solutions before submitting the Armed Forces budget proposal to the government on 1 October. [Text] [Stockholm DAGENS NYHETER in Swedish 18 Aug 83 p 5] 11798

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## MBB'S VOGELS ON ORGANIZATIONAL, TECHNICAL PLANS

Duesseldorf WIRTSCHAFTSWOCHE in German 22 Jul 83 pp 32, 33

[Interview with Dr Hanns Arnt Vogels, board chairman of MBB [Messerschmidt-Boelkow-Blohm GmbH], by editor Katharina Otzen: "Streamlining Necessary;" date and place not specified]

[Text] Hanns Arnt Vogels, former Flick manager and now chairman of the board of directors of MBB, wants to break up the encrusted structures of his group of aircraft and armament companies. In an interview with WIRTSCHAFTSWOCHE editor Katharina Otzen, he sets out his concept for the first time.

[Question] Dr Vogels, you are still chairman of the supervisory board of the federally owned DIAG [German Industrial Plant Association] which you succeeded in restoring to a healthy state. Can you make use of the DIAG experience?

[Answer] Dr Vogels: I do benefit by the DIAG experience in so far as the mentality of such an enterprise that cooperates with the public authorities very closely is also to be found in an enterprise like MBB. In the same way as I have always seen it as DIAG chairman, I am also trying here to somewhat reduce an excessive dependence on public authorities as our clients.

[Question] At MBB, you are proceeding to release some of your top executives...

[Answer] I wouldn't say "release" by any means. It is obvious that a reorganization of management which is to be continued as an element of streamlining and dynamic strength for our further growth, will necessarily involve a certain amount of personnel changes.

[Question] It is nevertheless surprising that Gero Madelung, your predecessor, first stepped back into the second line to eventually leave the company.

[Answer] No, that's not correct. You may assume that it was Professor Madelung's own decision to devote himself to scientific tasks. For him,

the subject of research and science has gained greater importance, and he wants to combine this with making himself available to us in a consultant capacity.

[Question] Well, he's not the only one, in fact,...

[Answer] At the end of this year, Mr Pantel, until now head of the economic research department, will also leave us; this decision, however, was already made prior to my assignment; he will retire on account of age.

[Question] And Mr Dronsek, head of manufacturing?

[Answer] I consider it so essential for our future to unite the manufacturing and development divisions to create a new division, meaning basically the control of resources, that I put this section under my own direct command. When I discussed the matter with Mr Dronsek, it was quickly agreed that he would change to an active consultant relationship out of his own free will.

[Question] Would it be possible to put MBB into greater private ownership?

[Answer] I do not have the impression that the Laender as shareholders are considering reducing their shares in the enterprise, let alone selling them, the less so since I feel that both groups of shareholders are striving for good cooperation.

[Question] MBB's own equity ratio is particularly low. Shouldn't you rather prefer a circle of private shareholders?

[Answer] I believe the mix of Laender and industry shareholders is a good thing for the enterprise.

[Question] And a capital increase?

[Answer] This will remain a difficult subject because, when looking into the future, we do have some problem areas where we must have some new ideas. I think it only logical that in view of the solution of imminent problems--which may be the reason why I was chosen--the shareholders' inclination to a capital increase is being viewed with reservations at this time.

[Question] Who would be eligible as a potential partner? The Americans?

[Answer] Harry Gray feels really serious about UTC's cooperation desires in the helicopter area--only they are unrealistic at this time. For us, the German-French cooperation has absolute priority. Not only do we want to maintain a European defense and aircraft manufacturing industry, we also want to expand it.



[Question] From your fusion with VFW [United Flight Technology Works] you have Erno Raumfahrt of Bremen, while you are at the same time engaged in space activities in Ottobrunn. Will the latter be brought under the Erno umbrella?

[Answer] This case has not yet been resolved conclusively. Basically, our space operations are on the threshold of entering commercial business much more intensively. Therefore, organizing the space activities in a company in GmbH form [Limited Liability Corporation] represents the right approach because increased commercialization also means maintaining one's competitiveness in terms of cost.

[Question] But who will be assigned what place?

[Answer] From this it would logically follow that the Ottobrunn space operations would have to be incorporated into the legal form of a GmbH. Clearly, the space activities in the north and south of this country were to be arranged in a competitive and sensible manner. While the north is more oriented towards manned space travel, the south puts more emphasis on satellite technology.

[Question] So you plan to concentrate on certain targets?

[Answer] That's what it is coming to. Nevertheless, if we want to be competitive, we simply cannot have these two locations run in parallel. Under a clear definition of our main working targets, reasonable synergistic effects have to be utilized.

[Question] Is this the reason for the new management?

[Answer] Since it is quite evident that the space sector did not deal optimally with this north-south subject and the question of a convincing distribution of tasks, we hastened to draw the necessary conclusions by changing the management and appointing Othmar Heise to be in charge of space operations and at the same time managing director of MBB, in addition to his current position as head of Erno.

[Question] Why do you still operate the Deutsche Airbus in GmbH form?

[Answer] I believe that this decision, which had been made before I took office, was right. Bonn prefers to have a partner to contact directly in matters of both federal development grants and guaranteed lines. Basically, Deutsche Airbus GmbH plays its role as a pure financing agent and liaison company. It neither designs nor sells, it is the connecting line for the federal government between manufacturer and purchasing agency.

[Question] Concerning structure content, what do you want to achieve with this?

[Answer] We must achieve a manufacturing structure which also in the transport and commercial plane division is optimally adapted, both technically and commercially, to the utilization to be expected on a long-term average.

[Question] How far is MBB's slimming to go?

[Answer] I do not want to name figures. Our rationalization reserves are still considerable. Our productivity must and can be increased significantly.

[Question] The Tornado business has more impetus. But shouldn't MBB have started with the development of a follow-up model long ago?

[Answer] The utilization of capacities following delivery of the last Tornados so far ordered may in fact cause some concern. However, the question as to how successfully the Tornado can be exported will also play a role in this regard. In addition, it cannot be ruled out from the present point of view that there will be improved Tornado versions which are also of interest to the German client.

[Question] So MBB does not necessarily need a new combat aircraft?

[Answer] It does, a decision on the Jaeger 90 fighter is required urgently. We know, however, that its manufacture would only partially utilize the capacities established for the Tornado. Many components of the cellular-design Jaeger 90 fighter will differ substantially from the Tornado, that means the percentage of carbon-fiber reinforced composite parts will become much greater than in the Tornado.

[Question] In aviation, you want to use carbon fiber whereas for rail-borne vehicles you are offering aluminum. Why don't you go one step further there too?

[Answer] We do, but primarily for fiber-reinforced bogies. For railroad car paneling, aluminum has been and still is the most economic solution. But in principle I figure to apply the knowhow gained in the military field to marketable civilian products to a greater extent than this has been the case so far.

[Question] You mean turning to the private sector as your clientele?

[Answer] This goes a bit too far. But I do see the chances for all divisions to come closer to the market, and it was also with this goal in mind that the reorganization and streamlining of these divisions was ultimately carried out.

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## SALES FOR AEROSPACE INDUSTRY DOWN IN 1982

Rome AVIAZIONE in Italian Jul 83 p 458

[Article by Max Montani: "The AIA (Aerospace Industries Association) Adds Up the Figures--Air of Crisis in the Italian Aerospace Industry"]

[Text] Difficulties in Italy's economic-industrial system and crisis at the world level in the aeronautical sector: an extremely unfavorable situation.

Gian Carlo Boffetta has left the presidency of the AIA, the Aerospace Industries Association, to Raffaello Teti. In the place of this latter there should have been Pietro Fascione, formerly vice president of the AIA. But the well-known Fascione-Agusta events have brought Teti not only to the vice presidency of Agusta SpA instead of the same Fascione but also to the presidency of the AIA. The vice president of the latter organization is Fabrizio Foresio, president of Aeronautica Macchi SpA and of Aermacchi.

The year 1982 was not an easy one. Adding up the figures, considering the balance-sheet of the year past, the aerospace sector's industry has been seen to be "feeling," as Boffetta said at the 23 June press conference in Rome, "the unfavorable situation deriving from the difficulties of the country's economic-industrial system and from the crisis that the sector is going through at the worldwide level. The same satisfactory progress as in the preceding years was not, indeed, experienced in 1982, even though the sector as a whole achieved appreciable results, which made it possible to maintain the positions reached."

The increase in employment was slight--up 1.4 percent, overall, from 1981, with a total of 42,600--59.4 percent of them in the north and 40.6 percent in the center-south. Of these 42,600 persons, 56.8 percent are workers, 39.1 percent are technicians, white-collar workers and administrative personnel, and 4.1 percent are management staff. As for the industrial sectors, 60.2 percent are employed in production of aircraft; 17.9 percent are in equipment; 14.1 percent are in engines; and 7.2 percent are in space and missiles. As regards their activity, 68.7 percent of the 42,600 persons are employed in production, 17 percent are in general services, and 14.4 percent are in research and development--this last being a sector in which the direct contribution of the industries is currently predominant, while the contribution of the

state--the financial contribution, that is--is minimal. As for the CIRA [expansion unknown], the only too well-known aerospace-research center to be sited in the Napoli area, the concrete creation of it is not, of course, very close, even though the engineering firms have already completed a good part of their studies, which have been deposited with the AIA.

Continuing with the figures, one notes that the total invoicing of the AIA firms went from Lit 2.2 trillion in 1981 to 2.9 trillion in 1982. The percentage of increase is distinctly less than what was achieved in 1981; the current value, indeed, is 31.8 percent, whereas it was 46.6 percent the year before. In real value, the percentage is now 13.1 percent, while a year earlier it was 23.5 percent. In short, less was sold, as is demonstrated also by the slight decrease represented by exports. In 1981, 70 percent of sales was to the outside, while a year later it was 65.5 percent (Lit 1.9 trillion), even though the figure for some firms was in the 70-percent area. "The aerospace industry," commented the outgoing president of the AIA, "being by nature a high-technology one, sees today not only its development but also its very existence dependent upon the implementation of a clear and predictable programming. Absent such programming, we are destined to lose the market positions we have acquired and to become increasingly dependent on the outside." An example of the difficulties encountered is the very slow transformation into law of the program choices worked out by the defense administration. The closing of the legislature earlier than scheduled was a further blow, with further delays and slippages, starting with implementation of what was provided for by the purpose-directed plan for aeronautics that the CIPI [Interministerial Committee for Industrial Policy Coordination] had already approved in 1981.

The problem of exports is serious: "Lack of support," says Boffetta, "and restrictions that go beyond general criteria of compatibility with the international commitments would penalize our industrial sector to a point that would definitely be critical." The industrial compensation connected with purchases of military and civilian materiel abroad are often anything but fair. Who precisely rules in these dealings is not known. "The recent Alitalia purchases of new aircraft for its fleet did not produce that flow of compensation that it was logical to expect in the interest of the national industry, in view also of the large disbursement of public money in connection with the operation," says Boffetta. Then there are cases of nations that require disproportionate, unfeasible compensation, and here Boffetta cites the example of Canada, which, when it evaluated the Tornado, asked, as regards Italy, for purchases involving a considerable financial commitment. In Greece, another country interested in the Tornado, the situation is not dissimilar (in the "package" of compensations that the Greeks would ask for, there is even an increase in Italian tourism in Greece); often and readily [as published], "there is no counterpart compensation to the national industry--with what advantages to our trade balance, it is easy to imagine."

Against the Lit 1.9 trillion in Italian aerospace exports in 1982, there is the Lit 690 billion in imports. The balance is therefore positive in the amount of Lit 1.21 trillion, as against the Lit 945 billion of 1981; and the export/import ratio was 2.75 as against 2.56 the year before. While this is an increase over 1981, there is a decrease in the amount for fixed investment: almost Lit 270 billion as against the Lit 370 billion of 1981, a year in which our aeronautical industries were heavily involved in the start-up of new programs.

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